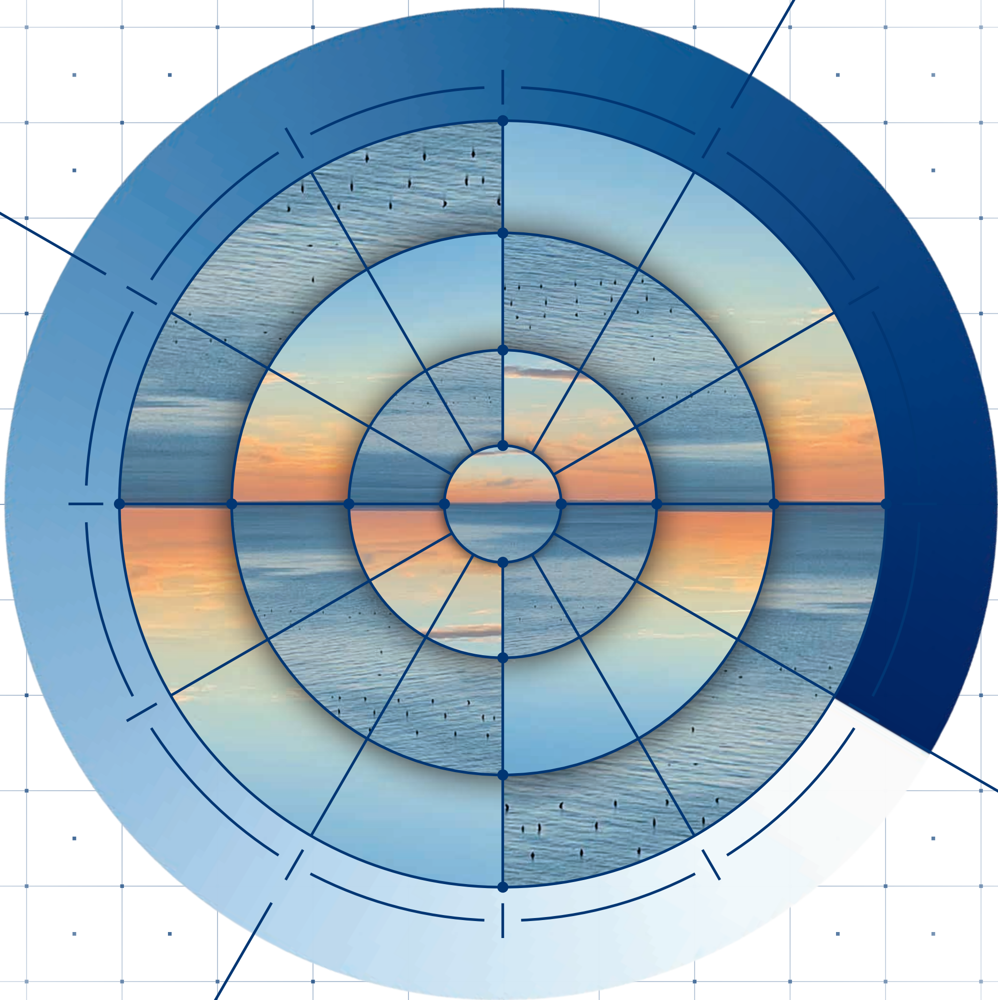
FINCANTIERI



HALF-YEAR FINANCIAL REPORT

at 30 June 2022

HALF-YEAR FINANCIAL REPORT

at 30 June 2022

FINCANTIERI

Index

PARENT COMPANY DIRECTORS AND OFFICERS

Parent Company Directors and Officers

BOARD OF DIRECTORS
(Three-year period 2022-2024)

CHAIRMAN
Claudio Graziano

CHIEF EXECUTIVE OFFICER
Pierroberto Folgiero

COUNCILORS
Paolo Amato
Alessandra Battaglia
Alberto Dell'Acqua
Massimo Di Carlo
Paola Muratorio
Cristina Scocchia
Valter Trevisani
Alice Vatta

SECRETARY
Giuseppe Cannizzaro

BOARD OF STATUTORY AUDITORS
(Three-year period 2020-2022)

CHAIRMAN
Gianluca Ferrero

STANDING AUDITORS
Pasquale De Falco
Rossella Tosini

ALTERNATE AUDITORS
Aldo Anellucci
Alberto De Nigro
Valeria Maria Scuteri

MANAGER RESPONSIBLE FOR PREPARING FINANCIAL REPORTS

Felice Bonavolontà

SUPERVISORY BODY
Pursuant to Legislative Decree 231/01
(Three-year period 2021-2023)

CHAIRMAN
Attilio Befera

MEMBERS
Stefano Dentilli
Fioranna Negri

INDEPENDENT AUDITORS
(Nine years 2020-2028)

Deloitte & Touche S.p.A.

Information on the composition and functions of the sub-committees (the Internal Control and Risk Committee, which is also responsible for the functions of the committee responsible for transactions with related parties except for resolutions on remuneration, the Remuneration Committee, which is assigned the functions of the committee responsible for transactions with related parties in the case of resolutions on remuneration, the Appointments Committee and the Sustainability Committee) is provided in the "Ethics and Governance" section available on the Fincantieri website at www.fincantieri.com.

DISCLAIMER
Forecast data and information must be regarded as forward-looking statements and therefore, not being based on simple historical facts, contain, by their nature, an element of risk and uncertainty because they also depend on the occurrence of future events and developments outside the Company's control. Actual results could therefore be materially different from those expressed in forward-looking statements. Forward-looking statements refer to the information available at the date of their publication; FINCANTIERI S.p.A. undertakes no obligation to revise, update or correct its forward-looking statements after such date, other than in the circumstances strictly required by applicable regulations. The forward-looking statements provided do not constitute and shall not be considered by users of the financial statements as advice for legal, accounting, tax or investment purposes nor is it the intention for such statements to create any type of reliance and/or induce such users to invest in the Company.

THE FINCANTIERI GROUP

Our Vision

Our Mission

Who we are

Group overview

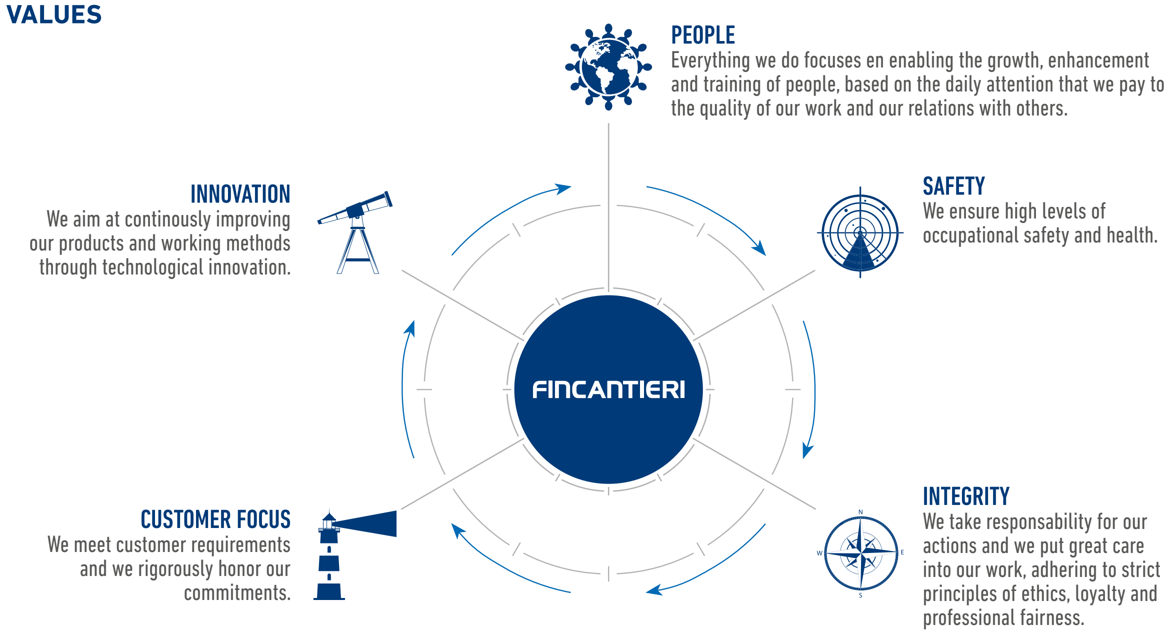
Our Vision

We aspire to be world leaders in the industrial sectors where we operate, becoming a reference point for our customers, standing out for our innovation and for our design and operational capabilities.
The Sea Ahead: all those who work at Fincantieri Group steer for this course, talented men and women working responsibly and ethically to help develop our idea of a future increasingly characterized by innovation, performance and sustainability.

Our Mission

Technological development and continuous improvement are the goals that we have set for ourselves, and we are determined to pursue them.
Our every action, project, initiative or decision is based on strict observance of the law, labour protection and protection of the environment, safeguarding the interests of our shareholders, employees, clients, trade and financial partners, local communities and groups, creating sustainable value for every stakeholder.

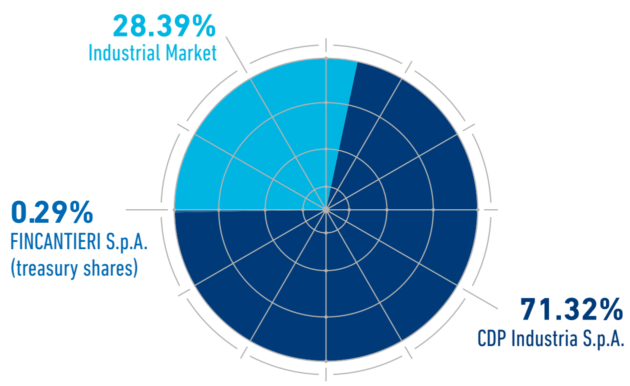
VALUES



Who we are

Fincantieri is one of the world's leading shipbuilding groups, the only one active in all areas of high-technology shipbuilding. It is a leader in the construction and conversion of cruise vessels, with a market share of over 40%, and naval and offshore vessels. It operates in the wind, oil & gas, fishing vessel and specialized vessel segments, as well as in the production of mechatronic and electronic marine systems, naval accommodation solutions and the provision of after-sales services such as logistical support and assistance to fleets in service.
In recent years, the transition to the construction of green products was completed, enabling the Group to become a market leader in the design and construction of SOVs (Service Operation Vessels) operating in offshore wind farms. This achievement testifies to the Company's commitment and ability to be a player in the green transition. The Group also operates in digital and cybersecurity, engineering services, critical infrastructure monitoring systems, advanced energy management systems for land-based applications and facility management.
With over 230 years of history and more than 7,000 ships built, Fincantieri maintains its know-how and management centres in Italy, where it employs 10,000 people and generates around 90,000 jobs, which double on a global scale thanks to a production network of 18 shipyards on four continents and more than 21,000 direct workers.
71.32% of Fincantieri's Share Capital of 862,980,725.70 euros is held, through the subsidiary CDP Industria S.p.A., by Cassa Depositi e Prestiti S.p.A., a company controlled by the Ministry of Economy and Finance.
The remainder of Share Capital was distributed between a number of private investors (none of whom held significant interests of 3% or above) and own shares (of around 0.29% of shares representing the Share Capital).

SHAREHOLDERS



SHIPYARDS AND DOCKS

Europe

Italy
Trieste
Monfalcone
Marghera
Sestri Ponente
Genova
Riva Trigoso - Muggiano
Ancona
Castellammare di Stabia
Palermo

Norway
Brattvaag
Langsten
Søviknes

Romania
Braila
Tulcea

Asia

Vietnam
Vung Tau

Americas

Usa
Marinette
Sturgeon Bay
Green Bay

Brazil
Suape

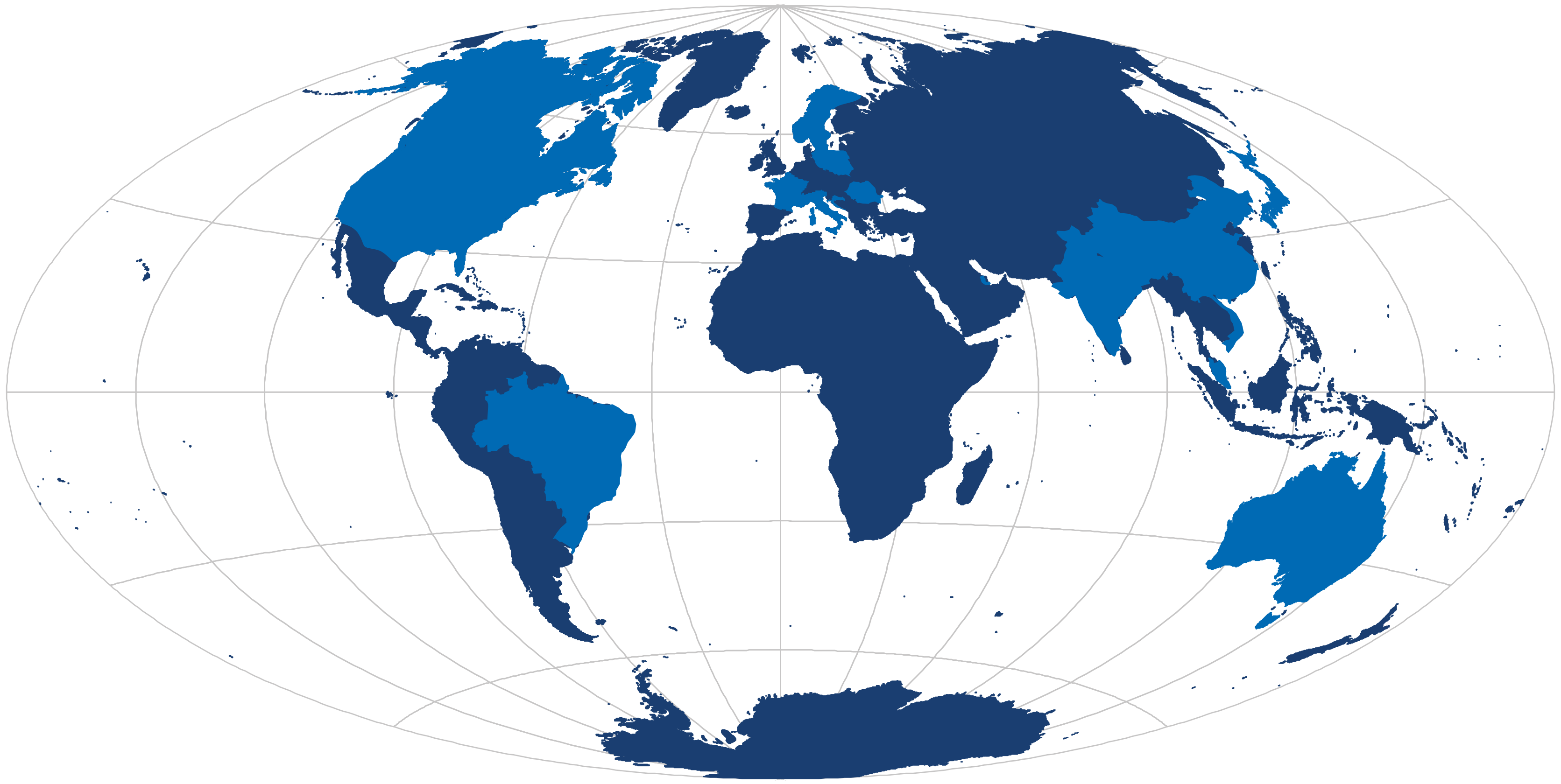
€ 6.9 bln
Revenues 2021

+7,000
Ships designed and built

PRINCIPAL
Western shipbuilder

+230
Years of history

€ 34.6 bln
Total backlog



18
Shipyards

93
Vessels in order book

4
Continents

+21,000
Employees at 30.06.2022
48% other countries | 52% Italy

1st
Player in diversification and innovation

+7,000
Suppliers only in Italy

MAIN SUBSIDIARIES

Europe

Italy
Cetena
Isotta Fraschini Motori
Fincantieri Oil&Gas
Marine Interiors
Marine Interiors Cabins
Fincantieri NexTech
Seanergy A Marine Interiors Company
Fincantieri SI
Fincantieri Infrastructure
Fincantieri Infrastructure Opere Marittime
Fincantieri Infrastrutture Sociali
IDS Ingegneria Dei Sistemi SOF
Issel Nord
Fincantieri Dragaggi Ecologici
MI
E-Phors
BOP6

Norway
Vard Group
Vard Design
Vard Piping
Vard Electro
Vard Accomodation
Seaonics

Romania
Vard Tulcea
Vard Braila

France
Team Turbo Machines

Croatia
Vard Design Liburna

Sweden
Fincantieri Sweden

Poland
Seaonics Polska

Asia

China
Fincantieri (Shanghai) Trading

India
Fincantieri India
Vard Electrical Installation and Engineering (India)

Qatar
Fincantieri Services Middle East
Fincantieri Services Doha

Singapore
Vard Holdings
Vard Shipholdings Singapore

Japan
FMSNA YK

Vietnam
Vard Vung Tau

Americas

Usa
Fincantieri Marine Group
Fincantieri Marine System North America
Fincantieri Services USA
Fincantieri USA
Fincantieri Infrastructure USA
Fincantieri Infrastructure Florida

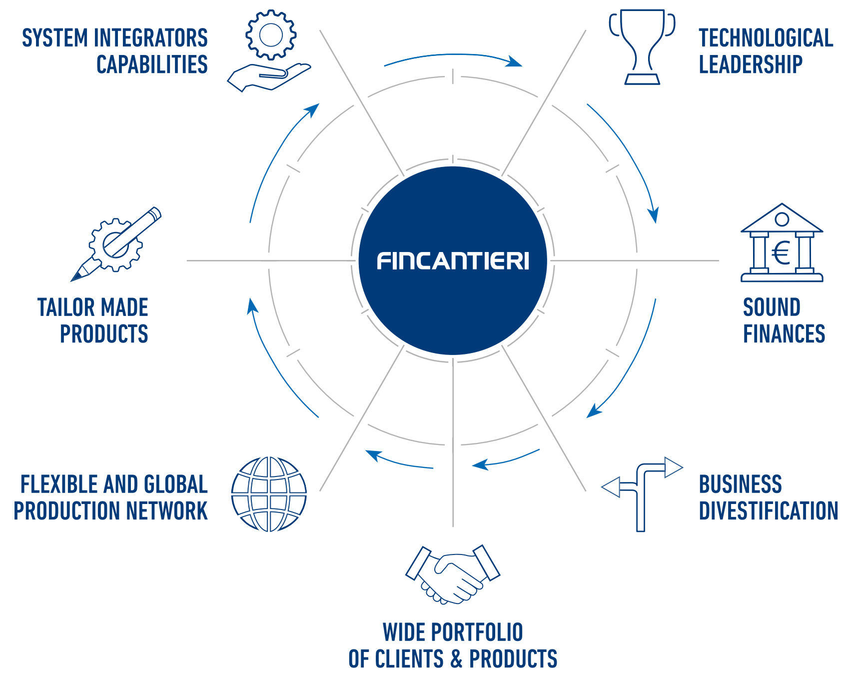
Canada
Vard Marine

Brazil
Vard Promar

Oceania

Australia
Fincantieri Australia

OUR STRENGTHS



Group overview

The Group operates through the following three segments:

- **Shipbuilding**: encompassing the cruise ships and expedition cruise vessels and naval vessels;
- **Offshore and Specialized vessels**: encompassing the design and construction of high-end offshore support vessels for the offshore wind farms and oil & gas industry, specialized ships, vessels for open ocean aquaculture, as well as a range of innovative products in the field of drill ships and semi-submersible drilling rigs;
- **Equipment, Systems and Services** includes the following business areas: i) Services, which includes ship repairs and conversions, logistic support, refitting, training and after-sales services, ii) Complete Accommodation, which includes the fitting out of cabins, public areas, catering, wet units and windows, iii) Electronics, Systems and Software, which focuses on advanced technological solutions, from the design and integration of complex systems (system integration) to telecommunications and critical infrastructure, iv) Mechatronics, i.e., integration of mechanical components and power electronics in naval and onshore applications and v) Infrastructure, which includes the design, construction and installation of steel structures for large-scale projects as well as the production and construction of maritime works and the supply of technology and facility management for the health segment, industry and the service sector.

It should be noted that, starting from the second half of 2021, the activities of Vard Electro and Seaonics have been reallocated from the Shipbuilding and Offshore and Specialized Vessels segments to the Equipment, Systems and Services segment, respectively, and the comparative figures at 30 June 2021 have been restated accordingly.

SEGMENTS	SHIPBUILDING		OFFSHORE AND SPECIALIZED VESSELS	EQUIPMENT, SYSTEMS AND SERVICES					OTHER
BUSINESS AREAS									
PRODUCT PORTFOLIO	**CRUISE SHIPS** Contemporary Premium Upper Premium Luxury Exploration/Niche Expedition cruise vessels	**NAVAL VESSELS** Aircraft carriers Destroyers Frigates Corvettes Patrol vessels Amphibious ships Logistic support ships Multirole and research vessels Special vessels Submarines	**OFFSHORE AND SPECIALIZED VESSELS** Drilling units Offshore support vessels (AHTS-PSV-OSCV) Special vessels Fishery/Aquaculture Wind offshore	**SERVICES** Ship repairs Refitting Refurbishment Conversions Product lifecycle management: • Integrated logistic support • In-service support • Refitting • Conversions Training and assistance	**COMPLETE ACCOMMODATION** Cabins Public areas Catering Wet units Glazing Refrigerated counters	**ELECTRONICS, SYSTEMS AND SOFTWARE** Design and integration of complex systems (system integration) with a focus on automation Cyber security Telecommunications Critical infrastructures	**MECHATRONICS** Energy generation/storage systems: • Electrical, electronic and electromechanical integrated systems • Stabilization, propulsion, positioning and power generation systems • Steam turbines	**INFRASTRUCTURE** Design, construction and assembly of steel structures on large projects such as: • Bridges • Viaducts • Airports • Ports • Maritime/hydraulic works • Large commercial and industrial buildings	**CORPORATE FUNCTIONS** Strategic direction and coordination: • Governance, Legal and Corporate Affairs • Accounting and Finance • Human Resources • Information Systems • Research & Innovation • Purchasing
MAIN SUBSIDIARIES/ ASSOCIATES/JOINT VENTURES	FINCANTIERI S.p.A. • Monfalcone • Marghera • Sestri Ponente • Cantiere Integrato Navale Riva Trigoso e Muggiano • Ancona • Castellammare di Stabia • Palermo Vard Group AS • Søviknes Vard Tulcea SA • Tulcea Vard Braila SA • Braila Vard Accommodations AS CSSC - Fincantieri Cruise Industry Development Ltd.	Fincantieri Marine Group Holdings Inc. FMG LLC • Sturgeon Bay Marinette Marine Corporation LLC • Marinette ACE Marine LLC • Green Bay Fincantieri India Pte Ltd. Fincantieri USA Inc. Fincantieri Australia PTY Ltd. Fincantieri (Shanghai) Trading Co. Ltd. Etihad Ship Building LLC Orizzonte Sistemi Navali S.p.A. Naviris S.p.A.	FINCANTIERI S.p.A. Fincantieri Oil&Gas S.p.A. Vard Group AS • Brattvaag • Langsten Vard Promar SA • Suape Vard Vung Tau Ltd. • Vung Tau Vard Design AS Vard Piping AS Vard Marine Inc.	FINCANTIERI S.p.A. • Arsenale Triestino San Marco • Bacino di Genova FMSNA Inc. Fincantieri Services Middle East LLC Fincantieri Services USA LLC Fincantieri Services Doha LLC	Marine Interiors Cabins S.p.A. Marine Interiors S.p.A. Seanergy a Marine Interiors company S.r.l. MI S.p.A.	Fincantieri NexTech S.p.A. Issel Nord S.r.l. Cetena S.p.A. E-PHORS S.p.A. IDS Ingegneria Dei Sistemi S.p.A.	FINCANTIERI S.p.A. • Riva Trigoso Isotta Fraschini Motori S.p.A. Fincantieri SI S.p.A. Power4Future S.p.A. FINMESA S.c.a.r.l. Vard Electro AS Seaonics AS Team Turbo Machines S.A.S.	Fincantieri Infrastructure S.p.A. Fincantieri Infrastructure Opere Marittime S.p.A. Fincantieri Dragaggi Ecologici S.p.A. BOP6 S.c.a.r.l. Fincantieri Infrastructure USA Inc. Fincantieri Infrastructure Florida Inc. Fincantieri Infrastrutture Sociali S.p.A. SOF S.p.A.	FINCANTIERI S.p.A.

REPORT ON OPERATIONS
AT 30 JUNE 2022

Half-year overview

The first six months of 2022 were characterised by macroeconomic and political uncertainty induced by the continuing impact of the spread of the COVID-19 virus and the emergence of the Russian-Ukrainian conflict. This situation has an impact on the one hand on expectations of a recovery in cruise activity and on the other hand has fuelled strong inflationary pressures (notably in the prices of raw materials, including energy, natural gas and steel) and the emergence of difficulties in the supply chain.
Against this backdrop, although the Group was able to maintain a good operating performance as evidenced by the achievement of expected growth in revenues, EBITDA is heavily impacted by the following elements:

- Write-down of work in progress to reflect the updated assessment of the counterparty risk of a cruise shipowner, following the missed pick-up of a ship scheduled in July, which was deferred to the fourth quarter of this year;
- Worsening of the expected marginality of the Infrastructure business caused by the increase in costs of raw materials and as a result of an updated risk analysis carried out by the new management based on the additional information acquired during the first half of 2022.

In addition to the factors described above, the net result was affected by non-recurring extraordinary charges for asbestos (euro 29 million) and impairment of intangible assets (euro 107 million). The latter relate to goodwill, recognised on the FMG Group and Vard Cruise CGUs following the update of the impairment tests, for about euro 84 million, development costs for about euro 23 million, and probable risks related to the non-performance of obligations for offset agreements for euro 20 million, and were made necessary following the review of the prospects of future recovery of the assets referred to therein.
Despite the highly disrupted market and environmental conditions in which the Group operates and the related impact on the half-year result, to date, future prospects remain intact, supported by the absence of cancellations of orders and the good operating performance in the shipbuilding segment.
It should also be emphasised that, despite the uncertainty of the recovery in the cruise business, the first signs of vitality can be seen in the agreements signed for three cruise vessels in July.
Similarly, in the naval vessels business, Fincantieri continues to be a global reference point, also through the consolidation of partnerships with the Italian Navy and numerous international navies. The awarding of the third unit of the US Navy's Constellation program is concrete proof of Fincantieri's leadership in the extremely competitive defence industry. It is also recalled that the Group successfully delivered four units to the Qatari Ministry of Defence, including the second corvette and the first two patrol vessels (OPVs) since the beginning of the year.

Highlights

Economic and financial results

- **Revenue and income**: euro **3,510** million[1] , increased by 16% compared to 1H 2021 (euro 3,026 million) and in line with expected order book deployment
- **EBITDA**[2] of euro **90** milioni (euro 219 milioni in 1H 2021) and an **EBITDA margin** at **2.6%**, excluding pass-through activities (vs. 7.2% in 1H 2021)
- **Adjusted loss for the period**[3] of euro **94** million (adjusted profit of euro 49 million in 1H 2021)
- **Profit/(loss) for the period** was negative at euro **234** million (positive at euro 7 million in 1H 2021) after deducting non-recurring and non-operating costs (euro 156 million)
- **Net financial position**[4], negative at euro **3,296** million (euro 2,238 million as at 31 December 2021), consistent with first half production volumes developed by the Group and the delivery schedule with 5 cruise ships in the second half of the year. It is still affected by the support strategy for shipowners implemented following COVID-19 outbreak

Operational performance

- **Total backlog[5] with 113 ships,** at euro **34.6** billion, equivalent to 5.2 times 2021 revenues, excluding pass-through activities, of which:
  - **Backlog:** euro **24.1** billion and **93** ships to be delivered **up to 2029**
  - **Soft backlog:** approximately euro **10.5** billion
- **Production volumes still at record levels** due to the development of the hefty order backlog and, in particular, the significant progress of some cruise projects, with **8.6 million production hours** vs. 8,4 million in 1H 2021
- **8 ships** delivered from **5 shipyards** in **1H** and expected delivery of **5 cruise ships** in **2H 2022**
- **First signs of resumption in the cruise business**: only in July, signing of a Memorandum of Agreement for two hydrogen-powered cruise ships and a contract for an extra-luxury cruise ships
- **Fincantieri Marinette Marine**: order confirmed for the **third vessel** in the Constellation program for the **US Navy**
- **VARD**: orders for two CSOV units[6] with Norwind Offshore **confirming leadership** in the construction of vessels for the offshore wind industry

Sustainable development

- **Sustainable finance**: following the completion of a credit line for 'sustainability linked' guarantees of up to **euro 700 million** granted by BNP Paribas, Fincantieri signed a 'sustainability linked', revolving credit facility with Intesa Sanpaolo for a maximum amount of **euro 500 million**
- **Reducing GHG emissions**: Fincantieri will install 22,000 photovoltaic panels at five production sites with a total capacity of around 10 MW
- **Green Innovation**: signing of Memorandum of Agreement with MSC for two additional luxury cruise ships powered by a new generation of liquefied natural gas (LNG) engines and equipped with industry-leading environmental technology and solutions
- **Energy transition**: Fincantieri involved in the IPCEI (Important Project of Common European Interest) for a project on the development of hydrogen energy, which will see the European Commission allocate up to euro 5.4 billion in public aid, of which over euro 1 billion will go to Italy
- **Earth Explorer**: Fincantieri NexTech will develop and install a Biomass Calibration Transponder (BCT) for the European Space Agency's Biomass satellite for the Earth Explorer mission
- **Fincantesimo**: inauguration of the first corporate nursery in Trieste, which will welcome 38 Fincantieri employees' and suppliers' children

Sustainability ratings and awards

- In 2021, **CDP** awarded the Group an A- rating on a scale from A, the highest rating, to D for its commitment to combating climate change, and an A- rating in the Supplier Engagement Rating (SER)
- **Sustainalytics** in 2021 rated Fincantieri for the first year, placing it in the "Low Risk" bracket and in 6th place out of 121 companies in the Heavy Machinery and Trucks basket

[1] Excluding pass-through activities of approximately euro 10 million (euro 225 million as at 30 June 2021). See the definition of pass-through activities contained in the section Alternative Performance Measures
[2] This figure does not include extraordinary and non-recurring income and expenses; see the description contained in the section Alternative Performance Measures
[3] Profit/(loss) for the period before extraordinary and non-recurring income and expenses
[4] It should be noted that the Net financial position monitored by the Group has been changed, bringing it into line with that defined by ESMA, resulting in a restatement of the corresponding comparative figures. The differences concerned the exclusion from the Net financial position monitored by the Group of the items construction loans, payables for derivatives on non-financial positions, payables for options on investments measured at fair value, and the inclusion of the item non-current financial receivables
[5] Sum of backlog and soft backlog
[6] Commissioning Service Operations Vessel

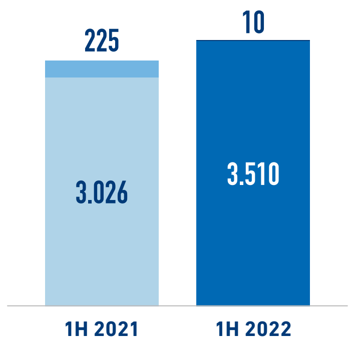
Key financials

(euro/million)

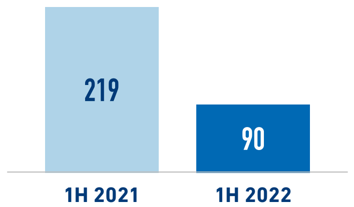
31.12.2021	ECONOMIC DATA		30.06.2022	30.06.2021
6,911	Revenue and income		3,520	3,251
6,662	Revenue and income excluding pass-through activities [1]		3,510	3,026
495	EBITDA [2]		90	219
7.2%	EBITDA margin *		2.6%	6.7%
7.4%	EBITDA margin * excluding pass-through activities [1]		2.6%	7.2%
92	Adjusted profit/(loss) for the period [3]		(94)	49
22	Profit/(loss) for the period		(234)	7
22	Group share of profit/(loss) for the period		(230)	6
31.12.2021	**FINANCIAL DATA [4]**		**30.06.2022**	**30.06.2021**
3,072	Net invested capital		3,945	3,886
834	Equity		649	804
(2,238)	Net financial position[4]		(3,296)	(3,082)
31.12.2021	**OTHER INDICATORS**		**30.06.2022**	**30.06.2021**
3,343	Order intake **		1,524	1,753
36,339	Order book **		35,719	38,278
35,519	Total backlog **/***		34,567	37,012
25,819	- of which backlog **		24,067	27,612
358	Investments		108	160
20,774	Employees at the end of the period	number	21,062	20,784
91	Vessels in order book	number	93	93

* Ratio between EBITDA and Revenue and income.
** Net of eliminations and consolidation adjustments.
*** Sum of backlog and soft backlog.
[1] See the definition contained in the section Alternative Performance Measures.
[2] This value does not include extraordinary and non-recurring income and expenses See the definition contained in the section Alternative Performance Measures.
[3] Profit/(loss) for the period before extraordinary and non-recurring income and expenses.
[4] It should be noted that the Net financial position monitored by the Group has been changed, bringing it into line with that defined by ESMA, resulting in the restatement of the corresponding comparative figures. The differences concerned the exclusion from the Net financial position monitored by the Group of the items construction loans, payables for derivatives on non-financial positions, payables for options on investments measured at fair value, and the inclusion of the item non-current financial receivables. Consequently, the value of Net invested capital was redefined.
The percentages contained in this report have been calculated with reference to amounts expressed in thousands of euros.

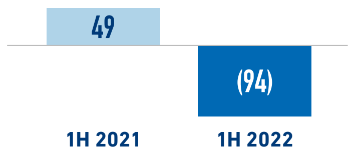
Financial - economic results



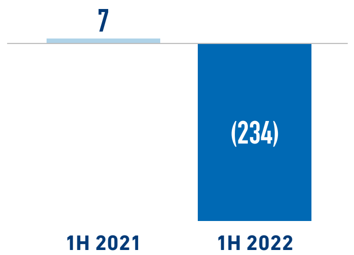
Revenues, amounting to **euro 3,510 million**, excluding pass-through activities of euro 10 million, **increased by 16.0%** compared to the first half of 2021, confirming the growth trend started last year. The results reflect the positive performance of all sectors in which the Group operates, with production volumes still at record levels in the Group's Italian yards.



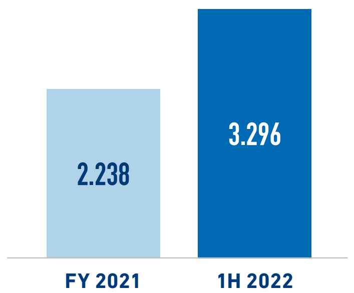
The **EBITDA**[7] of **euro 90 million**, down from 30 June 2021, was affected by the write-down of work in progress (as per IFRS9), to reflect the updated assessment of the counterparty risk of a cruise shipowner, following the missed pick-up of a ship scheduled in July, the worsening of margins in the Infrastructure business, and the further increase in prices of raw materials. The **EBITDA margin**[8] decreased from 7.2% as at 30 June 2021 to 2.6% as at 30 June 2022.
Net of these impacts, the margin would have been well above 7%, confirming the Group's positive operating performance.



Adjusted profit/(loss) for the period is negative at euro 94 million (positive at euro 49 million as of 30 December 2021) after deducting amortization of euro 111 million, finance income and costs and income and expenses from investments of euro 51 million and taxes of euro 22 million.



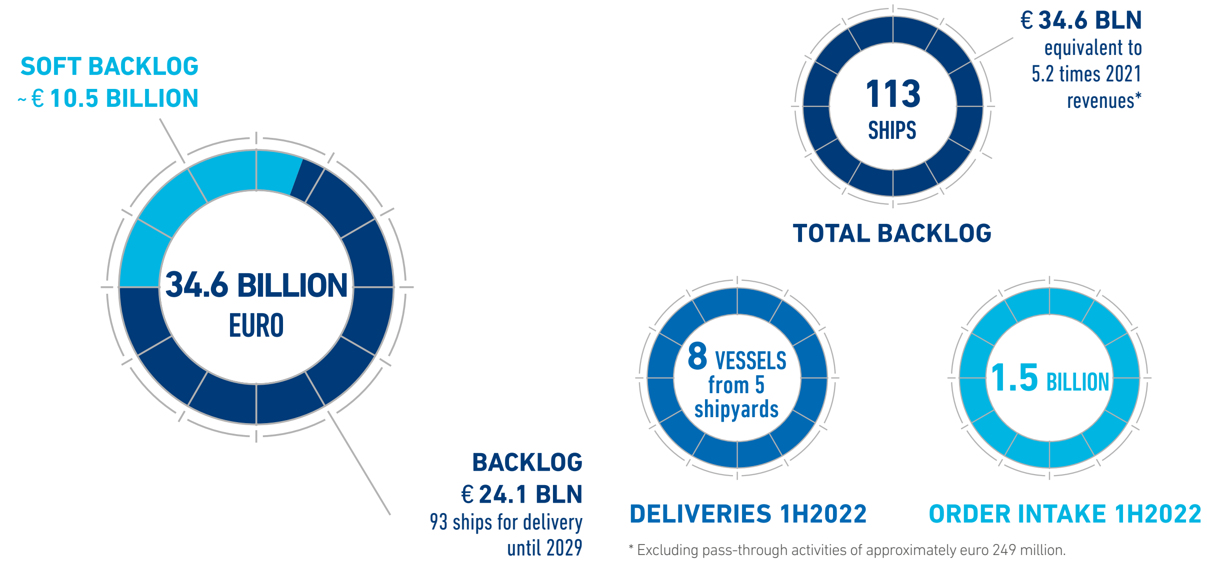
The profit/(loss) for the period is negative for euro 234 million (positive for euro 7 million as at 30 June 2021) after deducting impairment losses of goodwill and other intangible assets for euro 107 million, litigation costs for damages caused by asbestos for euro 29 million, and other costs for euro 20 million.



Net financial debt[9] **amounted to euro 3,296 million** (euro 2,238 million as at 31 December 2021), increasing in relation to the typical dynamics of the cruise business, which envisages five deliveries in the second half of the year (the first of which in July), and capital expenditure in the period. It is still affected by the support strategy for shipowners implemented following the COVID-19 outbreak.

[7] This value does not include extraordinary and non-recurring income and expenses. See the definition contained in the section Alternative Performance Measures.
[8] Excluding pass-through activities.
[9] It should be noted that the Net financial position monitored by the Group has been changed, bringing it into line with that defined by ESMA, resulting in a restatement of the corresponding comparative figures. The differences concerned the exclusion from the Net financial position monitored by the Group of payables for construction loans, payables for derivatives on non-financial positions, payables for options on investments measured at fair value, and the inclusion of non-current financial receivables.

Operational performance



* Excluding pass-through activities of approximately euro 249 million.

In the first six months of the year, the Group successfully delivered **eight ships** including two cruise ships, three naval vessels, one SOV (Service Operations Vessel) and two fishery vessels.
The **backlog**, as at 30 June 2022, amounted to approximately euro 24.1 billion with 93 units to be delivered up to 2029, down from 31 December 2021 (euro 25.8 billion) due to the record production volumes realized during the period and the significant progress of projects under construction.
It is also worth mentioning that the process of research and innovation and the focus on customers, which have always distinguished Fincantieri, led to the signing of agreements for three cruise vessels already in July, anticipating the market resumption forecasts. A Memorandum of Agreement signed in July with the customer Explora Journeys, a brand of the MSC group, for two new-generation **hydrogen-powered** ships with record-breaking features for the segment that will allow the ships to operate at "zero emissions" in port with their engines switched off; and a contract for the construction of an extra-luxury cruise ship, with delivery scheduled for the end of 2025.
In the **Defence** sector, the US Navy renews its confidence in the Group's American shipyards, awarding Fincantieri Marinette Marine the order to build the third missile launching frigate of the **Constellation** program. The contract for the design and construction of the program's first class-leading unit was awarded to the US subsidiary as prime contractor as early as 2020, which was followed by the order for the construction of the second unit in 2021.
In the **Offshore and Specialized Vessels segment**, VARD confirmed its leadership in the renewable energy sector by signing an order with the Norwegian company Norwind Offshore for the design and construction of two Commissioning Service Operation Vessels (CSOV) for support operations in offshore wind farms. A contract was also signed for the construction of six remotely controlled units for the customer Ocean Infinity, and a contract for the design and construction of an innovative Fishery unit for the German company Deutsche Fischfang-Union, intended for the storage and processing of fish.
In the **Services** business area, the subsidiary Fincantieri Marine Systems North America, a company specialized in the marketing of naval systems, services and components that is part of the US subsidiary Fincantieri Marine Group (FMG), was awarded the contract for the maintenance of the US Navy's Avenger class minesweeper units.

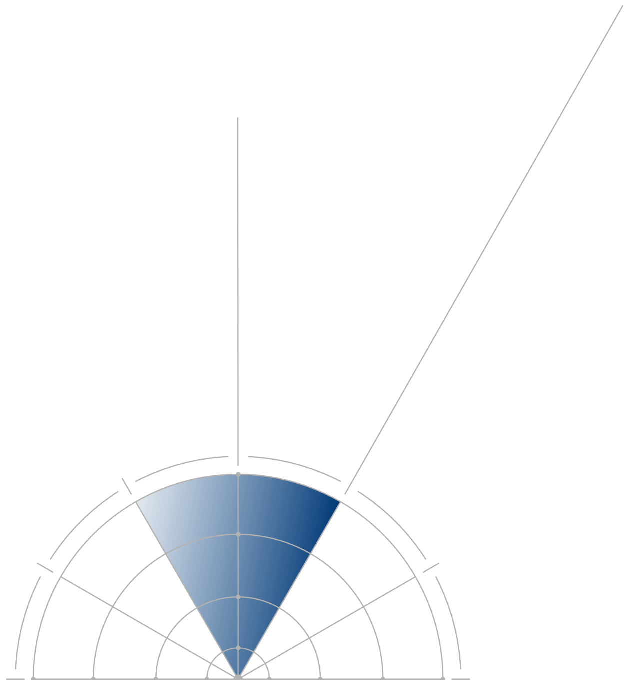
Sustainable development

The Group has for years placed at the heart of its company's culture the foundations for sustainable and inclusive development, devoted to research and technological innovation, the fight against climate change, respect for and protection of all people and the management of natural resources. The initiatives undertaken during the period are an expression of Fincantieri's commitments and contribute concretely to the achievement of the United Nations Sustainable Development Goals (SDGs).

ENVIRONMENT

In terms of **environmental responsibility**, reducing emissions over the years has become an imperative for Fincantieri, which is accelerating new initiatives to combat climate change and make its business more sustainable. Of note is the agreement signed in mid-June with Renovit, a subsidiary of Snam, for the installation of 22,000 photovoltaic panels at five Italian Group sites. The installation, with a total capacity of around 10 MW, will lead to a reduction in the annual electricity withdrawal from the national grid of around 11GWh.
In the same month, the Monfalcone shipyard obtained ISO 50001 certification for its Energy Management System, which requires the monitoring of consumption and the continuous improvement of energy performance.
The Group's commitment was also recognised in the United States, where Fincantieri Marinette Marine and the Fincantieri ACE Marine aluminium fabrication facility were awarded Green Marine certifications[10], thus joining the largest voluntary environmental certification program for the maritime industry in North America. Both sites are characterised by environmental performance that met performance indicators, which include levels of greenhouse gas emissions, air pollutants, spill prevention, waste management and community impacts. Performance will be reviewed every two years. On the research and innovation front, the Group continues to develop the ZEUS - Zero Emission Ultimate Ship - project, an experimental zero-emission fuel cell-powered vessel that is unique in the world. In addition, Fincantieri recently signed a Memorandum of Agreement with MSC for the construction of two cruise vessels, both powered by liquefied natural gas and hydrogen.

[10] Voluntary environmental certification program for the maritime industry, joined by Canadian and US shipowners, ports and shipyards.



SOCIAL

In continuation of its commitment to **training and protecting people**, the Group, in cooperation with other major companies, launched the School4Life program to combat high school drop-outs. The project will run for two years and include orientation activities and initiatives to support families and teachers. The goal is to involve a total of 15,000 students nationwide.

Fincantieri is also continuously committed to diversity and equal opportunities. On 9 May, "Fincantesimo - Il Cantiere delle Favole", the first company nursery built at the headquarters of the Group's Merchant Ship Division in Trieste, was inaugurated. At full capacity, the nursery will accommodate up to 38 children, both children of employees and workers from the allied companies as well as children from the local community. The nursery aims to respond to parents' needs for time flexibility, thanks to a service that covers the entire working day, also providing different exit times throughout the day, and dedicated spaces for mothers to breastfeed their children. Fincantieri has already planned to start work on the next nursery that will accommodate the children of Monfalcone shipyard employees.

GOVERNANCE

The Group's focus on an effective and responsible **Corporate Governance** model has led Fincantieri to sign two 'sustainability linked' credit facilities in recent months. The first, finalised with BNP Paribas, relates to the transformation of a line for guarantees up to euro 700 million and is linked to the achievement of two specific performance indicators such as efficient energy consumption management and supply chain sustainability.

The second, signed with Intesa Sanpaolo, concerns a revolving credit facility of up to euro 500 million. The funding, dedicated to covering the financial needs for the construction of several cruise ships, is linked to the achievement of two other specific performance indicators, namely the level of the sustainability score and the energy efficiency of the cruise ships delivered in each year.

The evolution of the regulatory framework and the intensification of cyber attacks on companies of national and international strategic importance has led Fincantieri to further develop its cybersecurity initiatives. For these reasons, as early as 2021, the Group took steps to increase the centralisation of data protection systems and to comprehensively update the technological infrastructure.

Ratings and awards

CDP (Carbon Disclosure Project)

In 2021, CDP (formerly the Carbon Disclosure Project) awarded the Group an A- rating on a scale from A, the highest rating, to D for its commitment to combating climate change, and an A- rating in the Supplier Engagement Rating (SER), which assesses the effectiveness and degree of supplier engagement on the same issue.

Moody's ESG Solutions

Moody's ESG Solutions (formerly V.E.), an agency that assesses the integration of social, environmental and governance factors within the sustainability arena, has again placed the Group in the highest range (Advanced) of its 2021 ranking. Fincantieri was placed first in the "Mechanical Components and Equipment" segment.

S&P Global

S&P Global assessed the Group for the first time in the Corporate Sustainability Assessment (CSA) questionnaire, with a score of 56/100 on 27 May 2022 in the IEQ[11] Machinery and Electrical Equipment category.

Sustainalytics

Sustainalytics, a subsidiary of Morningstar and specialised in assessing how effectively companies manage ESG risks, rated Fincantieri for the first year in 2021, placing it in the 'Low Risk' bracket and in 6th place out of 121 companies in the Heavy Machinery and Trucks basket.

Gaïa Rating

Gaïa Rating, part of the EthiFinance group, has recognized the company's efforts in the ESG area, improving its overall score to 87 points out of 100.

Integrated Governance Index

The Integrated Governance Index (IGI), a quantitative index assessing performance in sustainability governance, placed Fincantieri in the 'Leader' category[12] out of a total of 86 Italian companies assessed in 2022.

Universum

Universum has ranked Fincantieri in first place for the third consecutive year as "Italy's Most Attractive Employer" among companies in the "Manufacturing, Mechanical and Industrial Engineering" segment, placing it in the overall ranking of the top 30 companies most attractive for university students and young professionals who took degrees in STEM (Science, Technology, Engineering, Math) disciplines.

SCA (Shipbuilders Council of America)

The Shipbuilders Council of America (SCA) awarded Fincantieri Marinette Marine with the "Excellence in Safety Award" and Fincantieri Bay Shipbuilding (Sturgeon Bay) with the "Improvement in Safety Award", two prestigious health and safety awards.

Top Employer Italia 2022

FINCANTIERI S.p.A. has been awarded **Top Employer Italia 2022** certification for the first time for its best working conditions, benefits, career plans, investments in training and development, and policies focused on professional and personal growth and the welfare of its employees.

[11] Indoor Environmental Quality.
[12] The index divides the companies into four bands according to the score achieved: 1.Top Performer, 2.Leader, 3.Conscious, and 4.Builder.

HEADCOUNT

+1.9%
ITALY

The increase is mainly attributable to the recruitment carried out by the Parent Company during the half year.

+1.4%
WORLD

The total headcount increased from 20,774 as at 31 December 2021 to **21,062 units as at 30 December 2022**. The increase in the workforce in Vietnam and the US, linked to the development of new projects, offset the reduction following the reorganisation of production processes in Romania.

Business outlook

After two years of activities strongly affected by safety measures to protect the health of passengers and crews, the major cruise brands have put almost all their fleets back into service to meet the growing demands of tourism. Already in April, the booking trends recorded for the second half of the year exceeded 2019 levels, thus confirming the complete normalisation of the market by the end of the year.
The first half of 2022 was characterized not only by a further development of the COVID-19 outbreak, but also by the continuation of the Russian-Ukrainian conflict, which impacted production activities without, however, compromising their progress.
The hostilities between Russia and Ukraine have led to difficulties for the Group, particularly in Europe, in the procurement of ferrous materials, an increase in energy and natural gas tariffs, as well as in transport costs and related insurance policies, particularly in the Black Sea area for the movement of sections from Romania to Italy.
With regard to the evolution of the epidemic, it should be noted that in the first months of the year, the outbreak of the Omicron variant had slowed down the return to operation of the global fleet of cruise ships, worsening the financial situation of some shipowners. Starting in the second quarter of 2022, the downturn in the contagion curve made it possible to ease some of the containment measures, including at the Group's shipyards. However, it should be emphasised that, in recent weeks, the epidemic upsurge has once again drawn attention to a potential critical issue concerning the availability of resources at the Group's sites to handle the order backlog expected in the coming months.
In this context, we continued with the implementation of specific risk mitigation plans, aimed at:

(i) ensuring the availability of an adequate level of resources at the Group's shipyards (rebalancing of order backlogs between shipyards, selection of additional firms to support short-term needs);
(ii) ensuring the availability of materials (securing the ferrous materials supply chain);
(iii) more accurate monitoring of company performance and reduction of electricity consumption.

However, the persistence of exogenous phenomena that emerged after 31 December 2021, such as geopolitical, economic and financial market instability, still lead to high uncertainty.
Net of a further possible deterioration of the macroeconomic scenario, Fincantieri expects to be able to guarantee full production during the year, which will allow revenues to grow at levels higher than those of 2021, and expects an improvement in the Group's margins in the second half of the year, albeit at levels still lower than those of 2021.
The Net Financial Position, presented in accordance with ESMA guidelines[13], is expected to improve slightly in 2022, due to the delivery of 5 cruise vessels in the second half of the year, but remains affected by the financial requirements to support the production program, which envisages the delivery of 4 cruise ships in the first half of 2023.
The Shipbuilding segment confirms the forecasted increase in business volumes compared to the levels achieved in 2021. In the cruise ship business area, four ships are scheduled to be delivered to the Group's Italian shipyards (in addition to the two delivered in the first half-year) and one vessel in the luxury-niche segment by VARD's cruise division (Viking Polaris). In the naval business area, 3 ships are scheduled to be delivered by Italian shipyards (in addition to the 3 delivered in the first half-year), and 1 vessel to the Group's US shipyards.
The Offshore and Specialized Vessels segment forecasts a significant growth in business volumes for the period compared to 2021 levels and the delivery of 5 ships (in addition to the 3 delivered in the first half of the year).

[13] European Securities and Markets Authority. The main differences concerned the exclusion from the Net financial position monitored by the Group of payables for construction loans, payables for derivatives on non-financial positions, payables for options on investments measured at fair value, and the inclusion of non-current financial receivables.

For the Equipment, Systems and Services segment, the following is expected:

- in the Services business area, the development of the backlog related to the contracts signed with the Italian Navy and the Qatari Ministry of Defence;
- in Complete Accommodation, a sustained growth supported by an increase in the supply of public areas, refitting activities and the good performance of the project for the installation of cabins in China;
- for Electronics, Systems and Software, a considerable increase driven by the defence systems business in the naval sector and the Cybersecurity & Digital Solutions business, both in the naval and civil sectors;
- in the Mechatronics business area, the continued development of new propulsion systems and strategic technologies;
- for Infrastructure, the development of projects in the portfolio.

The Group's innovation, investments and expertise will focus on the development of increasingly sustainable products, i.e. equipped with new forms of green propulsion, and digital, priority levers to maintain and strengthen leadership in the segment.
Finally, in the second half of the year, the Group's management will be engaged in an in-depth analysis aimed at defining the strategy to strengthen the business portfolio with the objective of (i) pursuing maximum concentration in the core cruise and naval ship business and (ii) increasing the distinctiveness of the offer with innovative green and digital solutions.
The new strategic direction should, on the one hand, contribute to lowering the risk profile of the Group's activities, and on the other hand, enable it to meet the challenges posed by disrupted markets and environmental conditions with greater focus.

Group performance

Order intake, order backlog and deliveries

In 2022, **the Group recorded new orders of euro 1,524 million** compared to euro 1,753 million in 2021, with a book-to-bill ratio (new orders/revenue) of 0.4 (0.6 at 30 June 2021).

(euro/million)

31.12.2021		ORDER INTAKE ANALYSIS	30.06.2022		30.06.2021 *	
Amounts	%		Amounts	%	Amounts	%
940	28	FINCANTIERI S.p.A.	244	16	273	16
2,403	72	Rest of Group	1,280	84	1,480	84
3,343	**100**	**Total**	**1,524**	**100**	**1,753**	**100**
1,816	54	Shipbuilding	691	45	1,077	61
508	15	Offshore and Specialized Vessels	445	29	167	10
1,418	43	Equipment, Systems and Services	704	46	674	38
(399)	(12)	Consolidation adjustments	(316)	(21)	(165)	(9)
3,343	**100**	**Total**	**1,524**	**100**	**1,753**	**100**

* The comparative figures have been restated following redefinition of the segments.

The **Group's total backlog** reached euro 34.6 billion at 30 June 2022, comprising euro 24.1 billion of backlog (euro 27.6 billion at 30 June 2021) and euro 10.5 billion of soft backlog (euro 9.4 billion at 30 June 2021) with development of the projects in the portfolio expected to continue up to 2029.
The backlog and total backlog guarantee about 3.6 years and 5.2 years of work respectively in relation to the 2021 revenues excluding pass-through activities.
The composition of the backlog by segment is shown in the following table.

(euro/million)

31.12.2021		TOTAL BACKLOG ANALYSIS	30.06.2022		30.06.2021 *	
Amounts	%		Amounts	%	Amounts	%
19,942	77	FINCANTIERI S.p.A.	17,611	73	21,901	79
5,877	23	Rest of Group	6,456	27	5,711	21
25,819	**100**	**Total**	**24,067**	**100**	**27,612**	**100**
22,132	86	Shipbuilding	20,223	84	24,072	87
972	4	Offshore and Specialized Vessels	1,152	5	854	3
3,627	14	Equipment, Systems and Services	3,705	15	3,642	13
(912)	(4)	Consolidation adjustments	(1,013)	(4)	(956)	(3)
25,819	**100**	**Total**	**24,067**	**100**	**27,612**	**100**
9,700	**100**	**Soft backlog ** **	**10,500**	**100**	**9,400**	**100**
35,519	**100**	**Total backlog**	**34,567**	**100**	**37,012**	**100**

* The comparative figures have been restated following redefinition of the segments.
** Soft backlog represents the value of contract options, existing letters of intent and projects at an advanced stage of negotiation not yet reflected in the order backlog.

The analysis of the numbers of vessels delivered and those in the order book is shown in the following table.

(number)

31.12.2021	DELIVERIES, ORDER INTAKE AND ORDER BOOK	30.06.2022	30.06.2021
19	Vessels delivered	8	7
15	Vessels ordered	10	5
91	Vessels in order book	93	93

The following table shows the deliveries scheduled for vessels in the order book, analysed by the main business areas and by year.

(number)

	Deliveries							
	Completed as at 30.06.22	2022 *	2023	2024	2025	2026	Beyond 2026	Total **
Cruise ships and expedition cruise vessels	2	5	7	6	4	3	2	27
Naval ***	3	4	8	6	9	3	4	34
Offshore and Specialized Vessels	3	5	14	6	7			32
Total	8	14	29	18	20	6	6	93

* Data do not include the vessels already delivered as at 30.06.2022.
** Number of vessels in the order book, analysed by the main business areas at 30.06.2022.
*** Please note that in 2022 the civil unit Interlake Bulk Carrier will be delivered from the Sturgeon Bay shipyard and that the delivery of a unit for the Italian Navy has been postponed from 2022 to 2023.

Capital expenditure

Capital expenditure amounted to euro 108 million in the first six months of 2022, a decrease of 32% compared to the same period of the previous year. Capital expenditure represents 3.1% of the Group's revenues in the first six months of 2022 compared with 5.3% in the first six months of 2021.

Fincantieri's sustainable growth strategy is based not only on increasing its order book and production efficiency but also on the constant improvement of product quality and work safety standards. This strategy therefore requires a continuous development of the production process, through the enhancement of its assets and the increase of its technological standards, both in Italy and abroad.

In this context, approximately euro 949 million was invested in the three-year period 2019-2021 in the production sites, both Italian and foreign, to: i) make the production process more efficient, ii) further strengthen the Group's positioning in the shipbuilding sector, both cruise and naval, and iii) secure the realisation of the acquired backlog. Finally, ongoing initiatives aimed at increasing efficiency are helping to improve project margins, allowing them to partially absorb any exogenous factors, such as the recent increase in raw material costs.

euro/million

31.12.2021		CAPITAL EXPENDITURE ANALYSIS	30.06.2022		30.06.2021	
Amounts	%		Amounts	%	Amounts	%
155	43	FINCANTIERI S.p.A.	70	65	72	45
203	57	Rest of Group	38	35	88	55
358	**100**	**Total**	**108**	**100**	**160**	**100**
298	83	Shipbuilding	77	71	135	85
6	2	Offshore and Specialized Vessels	1	1	2	1
30	8	Equipment, Systems and Services	19	18	12	8
24	7	Other activities	11	10	11	6
358	**100**	**Total**	**108**	**100**	**160**	**100**
48	13	Intangible assets	23	21	24	15
310	87	Property, plant and equipment	85	79	136	85
358	**100**	**Total**	**108**	**100**	**160**	**100**

Group financial results

Presented below are the reclassified consolidated versions of the income statement, statement of financial position and statement of cash flows, the breakdown of consolidated Net financial position and the principal economic and financial measures used by management to monitor business performance. It should be noted, with reference to the economic indicators, that charges related to the impact of the spread of the COVID-19 virus related to reduced production efficiency and costs to ensure the health and safety of personnel incurred in 2021, considered extraneous to ordinary operations, have been classified in the item Extraordinary and non-recurring income and expenses. This representation excludes elements that the management does not consider indicative of the Group's operating performance and allows a clearer comparison with previous periods.

For a reconciliation between the reclassified financial statements and the statutory financial statements, please refer to the special section "Reconciliation of the reclassified financial statements used in the Report on Operations with the mandatory IFRS statements" (p.76).

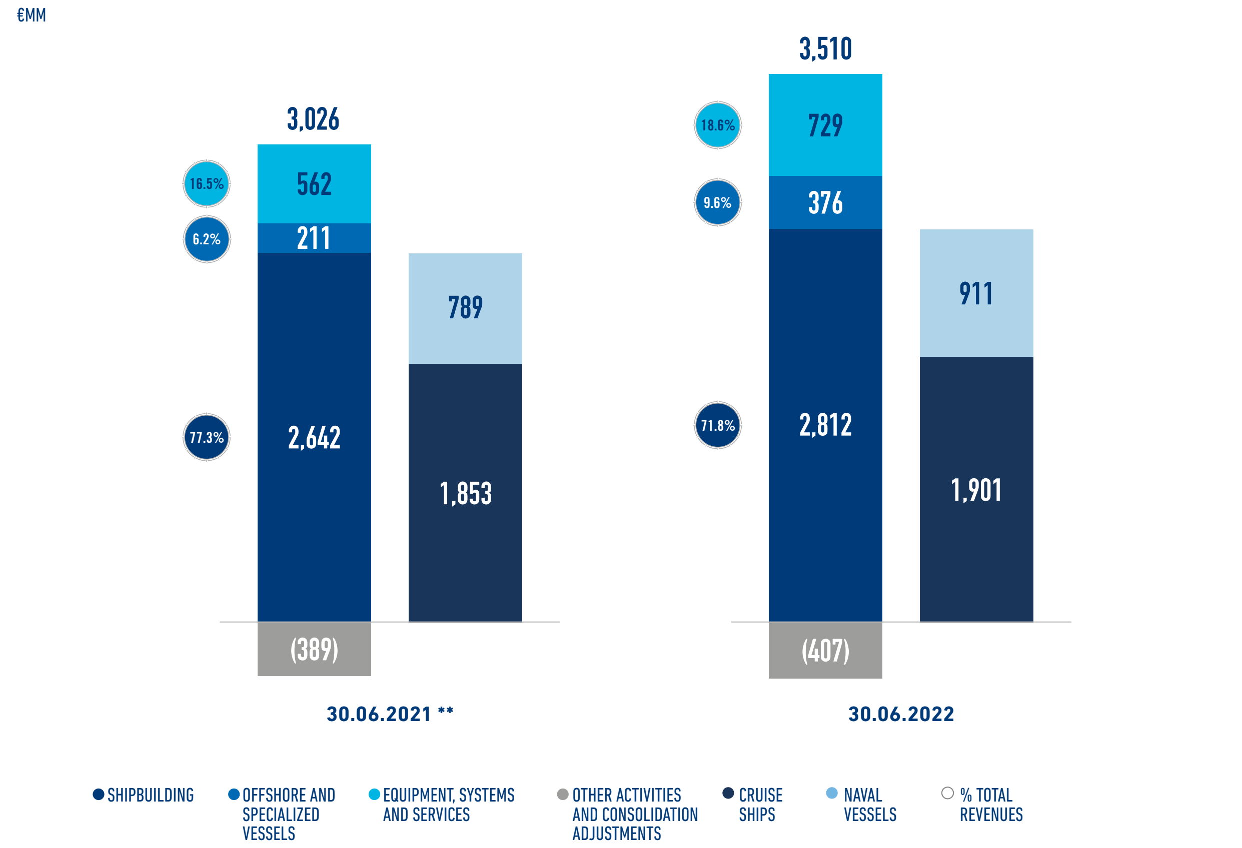
RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(euro/million)

31.12.2021		30.06.2022	30.06.2021
6,911	**Revenue and income**	**3,520**	**3,251**
6,662	**Revenues and income excluding pass-through activities** [1]	**3,510**	**3,026**
(5,028)	Materials, services and other costs [2]	(2,802)	(2,247)
(1,076)	Personnel costs	(605)	(546)
(63)	Provisions	(13)	(14)
495	**EBITDA** [3]	**90**	**219**
7.2%	**EBITDA margin**	**2.6%**	**6.7%**
7.4%	**EBITDA margin excluding pass-through activities** [1]	**2.6%**	**7.2%**
(206)	Depreciation, amortization and impairment	(111)	(96)
289	**EBIT** [4]	**(21)**	**123**
4.2%	**EBIT margin**	**-0.6%**	**3.8%**
4.3%	**EBIT margin excluding pass-through activities** [1]	**-0.6%**	**4.1%**
(105)	Finance income/(costs)	(44)	(45)
(14)	Income/(expense) from investments	(7)	-
(78)	Income taxes	(22)	(29)
92	**Adjusted profit/(loss) for the period** [1]	**(94)**	**49**
92	of which attributable to Group	(94)	49
(90)	Extraordinary and non-recurring income and (expenses)	(156)	(53)
(30)	- of which costs relating to the impacts deriving from the spread of COVID-19	-	(22)
(55)	- of which costs related to asbestos litigation	(29)	(29)
-	- of which impairment of intangible assets	(107)	-
(5)	- of which other costs linked to non-recurring activities	(20)	(2)
20	Tax effect of extraordinary and non-recurring income and expenses	16	11
22	**Profit/(loss) for the period**	**(234)**	**7**
22	of which attributable to Group	(230)	6

[1] See the definition contained in the section Alternative Performance Measures.
[2] This item excludes costs related to pass-through activities; see the definition contained in the section Alternative Performance Measures.
[3] This figure does not include extraordinary and non-recurring income and expenses; see the description contained in the section Alternative Performance Measures.
[4] This figure does not include impairment of goodwill, other intangible assets and property, plant and equipment recognized as a result of impairment tests or after specific considerations on the recoverability of individual assets.

REVENUE ANALYSIS *



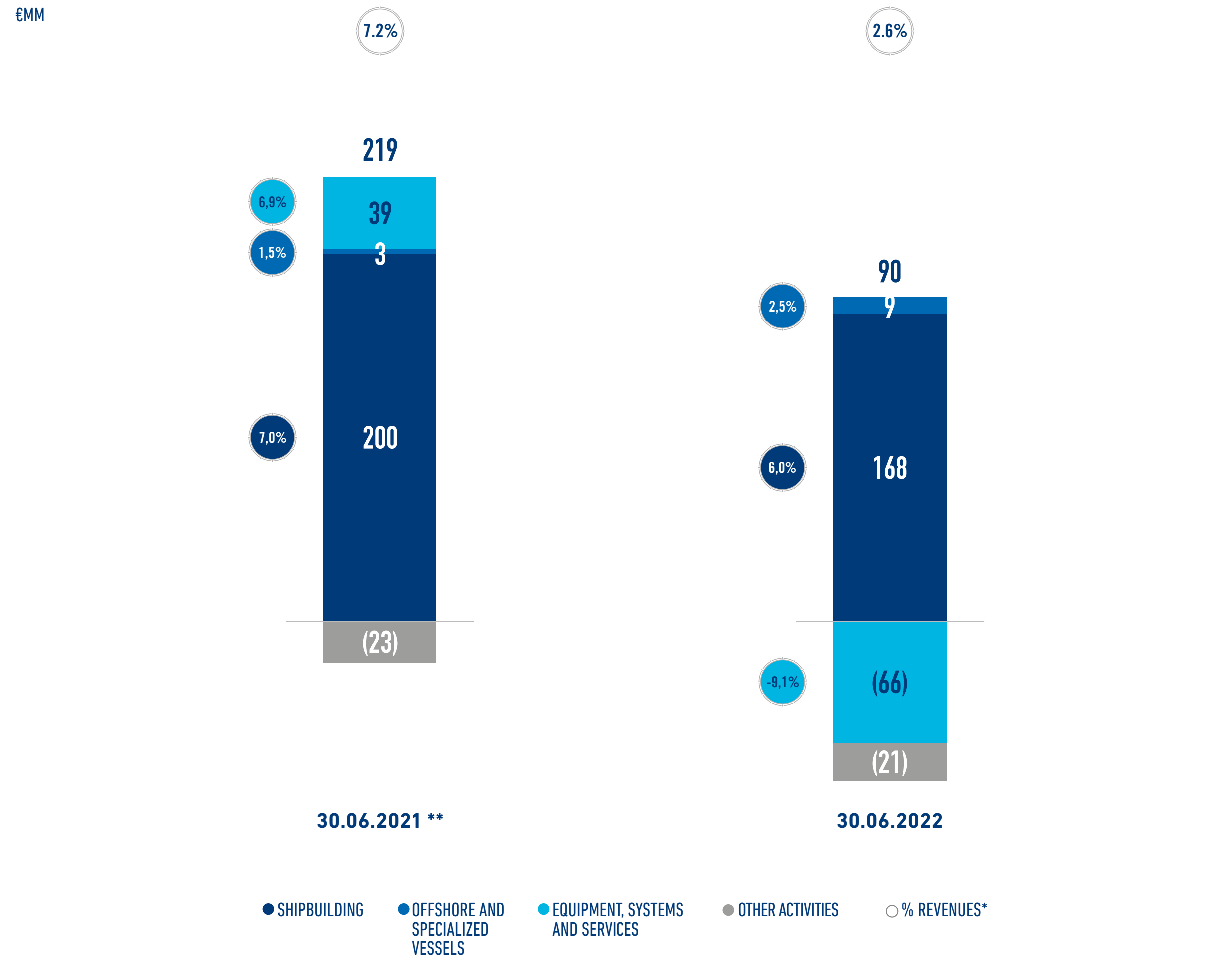
* Excluding pass-through activities.
** The comparative figures have been restated following the redefinition of the operating segments.

Revenue and income excluding the pass-through activities in the first half of 2022 amount to euro 3,510 million, an increase of 16.0% compared to 1H 2021. These results reflect the positive performance of all the segments in which the Group operates. The Shipbuilding segment consolidated the trend already recorded in 2021 and grew by 6.5% thanks to production volumes still at record levels in the Group's Italian shipyards. Revenues from Offshore and Specialized Vessels, up 78.8%, confirmed the Group's successful repositioning strategy in the construction of specialized vessels for the wind offshore segment. Equipment, Systems and Services showed an increase in revenues of 29.6% driven by the business areas Mechatronics, Complete Accommodation and Infrastructure, due to the contribution of the acquisition of the FINSO Group in the second half of 2021. Before consolidation adjustments, Shipbuilding contributes 72% (77% in 1H2021), Offshore and Specialized Vessels 10% (6% in 1H2021) and Equipment, Systems and Services 18% (17% in 1H2021) of the Group's total revenue and income.

The trend in revenues also benefits from the positive impact (euro 53 million) of the translation into Euros of revenues in US dollars and in Norwegian krone generated by foreign subsidiaries.

At 30 June 2022, the Group's revenues generated with foreign customers amounted to 88%, in line with 1H 2021.

EBITDA ANALYSIS



* Excluding pass-through activities.
** The comparative figures have been restated following redefinition of the segments.

Group **EBITDA** at 30 June 2022 amounted to euro 90 million (euro 219 million at 30 June 2021), with an **EBITDA margin** falling from 7.2% to 2.6%, negatively affected by the reduction in margins of the infrastructure business area due to the higher costs arising after the finalization of the design activities, sharpened by the unfavourable exchange rate effects and the prices of construction materials recorded in the early months of 2022. We also report the write-down of work in progress (as per IFRS9), to reflect the updated assessment of the counterparty risk of a cruise shipowner, following the missed pick-up of a ship scheduled in July, which was deferred to the fourth quarter of this year. These effects, together with the increase in the prices of raw materials, especially steel, were only partially offset by the efficiency gains in management processes, which were also the result of the investments made by the Group in recent years.

EBIT was negative in the first half of 2022 for euro 21 million compared to the positive 123 million of the same period of the previous year, with a negative **EBIT margin** (EBIT expressed as a percentage on Revenue and income, excluding pass-through activities) of 0.6% (positive at 4.1% in the first half of 2021). The decrease in EBIT is attributable to the reasons already explained with reference to Group EBITDA, as well as to a higher incidence of depreciation and amortization in the first half of 2022 (euro 111 million), following the investments made in the second half of last year.

Finance income/(costs) report net costs of euro 44 million (net costs of euro 45 million at 30 June 2021). The value is substantially in line with 1H 2021 and includes charges on net financial debt for the period in the amount of euro 27 million, impairment of financial receivables in the amount of euro 9 million (calculated in accordance with IFRS 9), and expenses from derivative finance instruments in the amount of euro 8 million, related to hedges on contracts in foreign currency recognised as cash flow hedge.

Expenses and income from equity investments showed a negative value of euro 7 million at 30 June 2022 (zero at 30 June 2021) mainly due to the recognition of losses realised by certain associates and joint ventures.

Income taxes have a negative balance of euro 22 million for the first half of 2022 (negative balance of euro 29 million for the same period in 2021).

The adjusted profit/(loss) for the period shows a net loss of euro 94 million at 30 June 2022 (net loss of euro 49 million at 30 June 2021).

Extraordinary and non-recurring income and expenses were negative in the amount of euro 156 million (negative in the amount of euro 53 million at 30 June 2021). The item includes impairment losses on goodwill, recognised on the FMG Group and Vard Cruise CGUs following the update of the impairment tests performed in the presence of impairment indicators, mainly represented by the increase in interest rates recorded during the period, and other intangible assets in the amount of euro 107 million, costs related to asbestos litigation in the amount of euro 29 million, and other expenses related to probable risks linked to non-fulfilment of obligations for offset agreements in the amount of euro 20 million. At 30 June 2021, the item included costs related to asbestos litigation for euro 29 million, costs related to impacts arising from the spread of COVID-19 for euro 22 million and other costs linked to other non-recurring operations for euro 2 million.

Tax effect of extraordinary and non-recurring income and expenses was a net positive of euro 16 million at 30 June 2022 (net positive of euro 11 million at 30 June 2021).

Profit/(loss) for the period, reflecting the factors described above, is a net loss of euro 234 million (net profit of euro 7 million at 30 June 2021). The Group's share of the result was a negative euro 230 million (positive euro 6 million as at 30 June 2021).

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION [1]

(euro/million)

30.06.2021		30.06.2022	31.12.2021
628	Intangible assets	565	688
106	Rights of use	131	116
1,390	Property, plant and equipment	1,579	1,518
119	Investments	123	123
129	Non-current financial assets	245	252
(11)	Other non-current assets and liabilities	13	(1)
(60)	Employee benefits	(57)	(64)
2,301	**Net fixed capital**	**2,599**	**2,632**
826	Inventories and advances	901	886
1,666	Construction contracts and client advances	1,914	1,182
1,355	Trade receivables	1,175	936
(2,262)	Trade payables	(2,562)	(2,490)
(80)	Other provisions for risks and charges	(123)	(101)
80	Other current assets and liabilities	41	27
1,585	**Net working capital**	**1,346**	**440**
3,886	**Net invested capital**	**3,945**	**3,072**
863	Share Capital	863	863
(76)	Reserves and retained earnings attributable to the Group	(228)	(45)
17	Non-controlling interests in equity	14	16
804	**Equity**	**649**	**834**
3,082	**Net financial position**	**3,296**	**2,238**
3,886	**Sources of funding**	**3,945**	**3,072**

[1] It should be noted that the Net financial position monitored by the Group has been changed, bringing it into line with that defined by ESMA, resulting in a restatement of the corresponding comparative figures. The differences concerned the exclusion of the following items from the Net financial position monitored by the Group: construction loans, non-current financial receivables, payables for derivatives on non-financial positions, and payables for options on investments measured at fair value. Consequently, the value of Net invested capital was redefined.

The **Reclassified consolidated statement of financial position** shows an increase in **Net invested capital** at 30 June 2022 of euro 873 million compared to the end of the previous year, mainly due to the following factors:

- **Net fixed capital** with an overall decrease of euro 33 million. The most significant effects in particular are i) the decrease in Intangible assets of euro 123 million, mainly due to the impairment of goodwill recognised on the FMG Group and Vard Cruise CGUs and other intangible assets for euro 107 million; ii) the recording of Rights of use for the new lease contracts (euro 15 million); and iii) the increase in Property, plant and equipment of euro 61 million, where investments of the period (euro 85 million) and the positive impact of the foreign currency translation on the financial statements (euro 35 million) were partially offset by depreciation and amortization for the period (euro 60 million).
- **Net working capital** reports a positive balance of euro 1,346 million (positive for euro 440 million at 31 December 2021) with an increase of euro 906 million. The main changes related to: i) the increase in Construction contracts and client advances (euro 732 million) as an effect of the volumes generated in the period, particularly in the cruise business, which envisages five deliveries in the second half of the year (the first of which will be in July), ii) the increase in trade receivables (euro 239 million) in relation to the invoicing of instalments for projects mainly pertaining to foreign subsidiaries, which are being collected after the end of the period, iii) the increase in trade payables (euro 72 million) related to the increase in production volumes recorded in the period, iv) the increase in the provisions for risks mainly in relation to the non-performance of obligations for offset agreements (euro 22 million).
- **Equity** amounting to euro 649 million, decreased by euro 185 million, mainly due to the profit/(loss) for the period (loss of euro 234 million), partially offset by the positive change in the cash flow hedge reserve linked to cash flow hedging instruments (euro 24 million) and the currency translation reserve (euro 18 million).

CONSOLIDATED NET FINANCIAL POSITION [1]

(euro/million)

30.06.2021		30.06.2022	31.12.2021
(274)	Current financial liabilities	(131)	(139)
(153)	Debt instruments - current portion	(156)	(220)
(130)	Current portion of bank loans and credit facilities	(660)	(273)
(1,278)	Construction loans	(1,396)	(1,075)
(1,835)	**Current debt**	**(2,343)**	**(1,707)**
(2,112)	Non-current financial liabilities	(1,882)	(1,915)
(2,112)	**Non-current debt**	**(1,882)**	**(1,915)**
(3,947)	**Total financial debt**	**(4,225)**	**(3,622)**
799	**Cash and cash equivalents**	**709**	**1,236**
65	**Other current financial assets**	**220**	**148**
(3,083)	**Net financial position**	**(3,296)**	**(2,238)**

[1] It should be noted that the Net financial position monitored by the Group has been changed, bringing it into line with that defined by ESMA, resulting in a restatement of the corresponding comparative figures. The differences concerned the exclusion from the Net financial position monitored by the Group of payables for construction loans, payables for derivatives on non-financial positions, payables for options on equity investments measured at fair value, and the inclusion of the item non-current financial receivables, as a result of which the value of Net invested capital was redefined.

The **Consolidated net financial position**, in the configuration recommended by ESMA, reports a net debt balance of euro 3,296 million (euro 2,238 million in net debt at 31 December 2021). The increase was mainly due to the typical dynamics of working capital related to the cruise business, which foresees five deliveries in the second half of the year (the first of which will be in July), and capital expenditure during the period. The cash absorption from the construction of the cruise ships was only partially offset by the delivery of two cruise vessels in the first six months of 2022. The consolidated Net Financial Position is still affected by the support strategy for shipowners implemented following the outbreak of the COVID-19 pandemic. In fact, as at 30 June 2022, the Group had non-current financial receivables of euro 155 million and trade extensions of about euro 317 million, granted to its customers. Of these amounts, euro 251 million were repaid, as per the commercial agreement with a customer, on 1 July 2022.

The Net financial position does not include payables to suppliers for reverse factoring, which amounted to euro 659 million at 30 June 2022 and represent the value of invoices, formally liquid and collectable, assigned by suppliers to an agreed lending institution and which benefit from additional extensions to normal contractual payment terms; these extensions are granted by the suppliers themselves in favour of the Group.

The following table shows the reconciliation between the Net financial position in the configuration monitored by the Group (according to ESMA recommendations) and the one previously published.

(euro/million)

30.06.2021		30.06.2022	31.12.2021
(3,083)	**Net financial position - new configuration**	**(3,296)**	**(2,238)**
131	Non-current financial assets	244	252
1,278	Construction loans	1,396	1,075
27	Non-financial derivative liabilities	47	18
30	Fair value of options on equity investments	36	34
(1,617)	**Net financial position - previously published**	**(1,573)**	**(859)**

RECLASSIFIED CONSOLIDATED STATEMENT OF CASH FLOWS [1]

(euro/million)

31.12.2021		30.06.2022	30.06.2021
862	Net cash flows from operating activities	(882)	(335)
(535)	Net cash flows from investing activities	(178)	(141)
(377)	Net cash flows from financing activities	528	(7)
(50)	**Net cash flows for the period**	**(532)**	**(483)**
1,275	**Cash and cash equivalents at beginning of period**	**1,236**	**1,275**
11	Effects of currency translation difference on opening cash and cash equivalents	5	7
1,236	**Cash and cash equivalents at end of period**	**709**	**799**

[1] It should be noted that, following the reconfiguration of the Net financial position monitored by the Group that led to the inclusion of construction loans within it, the cash flows generated/absorbed by construction loans were included in financing activities. The comparative figures have been reclassified to reflect this change.

The **Reclassified Consolidated Statement of Cash Flows** shows negative **net cash flows for the period** of euro 532 million (negative for euro 483 million in the first half of 2021) due to cash flow absorbed by operating activities in the amount of euro 882 million (negative for euro 335 million at 30 June 2021), and reflects the typical dynamics of working capital related to the cruise business, which envisages five deliveries in the second half of the year (the first of which in July), investments for the period, which absorbed resources in the amount of euro 178 million (euro 141 million at 30 June 2021), only partially offset by financing activities for the period, which generated resources in the amount of euro 528 million.

Economic and financial indicators

The following table presents additional economic and financial measures used by the Group's management to monitor the performance of its main business indicators in the periods considered. The following table shows the trend in the main profitability ratios and the strength and efficiency of the capital structure in terms of the relative importance of sources of funding between net debt and equity for the periods ended 30 June 2022 and 2021 and 31 December 2021.

31.12.2021		30.06.2022	30.06.2021
9.0%	ROI *	-0.6%	3.4%
2.7%	ROE *	-31.5%	0.9%
4.3	Total financial debt**/Total equity	6.5	4.9
4.5	Net financial position**/EBITDA [1]	36.5	14.1
2.7	Net financial position**/Total equity	5.1	3.8

* See the definition contained in the section Alternative Performance Measures.
** The Net Financial Position was changed to align it with that defined by ESMA, resulting in the restatement of the corresponding comparative figures.
[1] This value does not include extraordinary and non-recurring income and expenses See the definition contained in the section Alternative Performance Measures As at 30 June, the EBITDA figure refers to the point in time of the reporting period.

The performance of ROI and ROE, compared to 30 June 2021, was affected by the deterioration of the negative Operating Result and Net Result at 30 June 2022, while Net Invested Capital and Equity were substantially in line with the values of the first half of 2021.

The indicators of strength and efficiency of the capital structure reflect, compared to the previous half-year, the increase in both Total financial debt and Net financial position, with EBITDA significantly lower than the final balance at 30 June 2021, as commented in the Income statement section.

Operational review by segment

Shipbuilding

The Shipbuilding segment is engaged in the design and construction of cruise ships and naval vessels. Production is carried out at the Group's shipyards in Italy, Europe and the United States.
It should be noted that, following the reallocation of Vard Electro's activities from the Shipbuilding segment to the Equipment, Systems and Services segment in the second half of 2021, the comparative figures at 30 June 2021 have been appropriately reclassified, and are shown below as restated.

(euro/million)

31.12.2021			30.06.2022	30.06.2021 restated	30.06.2021 reported
5,903	Revenue and income *		2,822	2,867	2,916
5,654	Revenue and income * excluding pass-through activities [1]		2,812	2,642	2,691
467	EBITDA [2] *		168	200	206
7.9%	EBITDA margin */**		6.0%	7.0%	7.1%
8.3%	EBITDA margin */** excluding pass-through activities [1]		6.0%	7.6%	7.7%
1,816	Order intake *		691	1,077	1,080
30,413	Order book *		29,517	32,837	32,888
22,132	Order backlog *		20,223	24,072	24,084
298	Capital expenditure		77	135	135
15	Vessels delivered	number	5	5	5

* Before adjustments between segments.
** Ratio between segment EBITDA and Revenue and income.
[1] See the definition contained in the section Alternative Performance Measures.
[2] This value does not include extraordinary and non-recurring income and expenses See the definition contained in the section Alternative Performance Measures.

Revenue and income

Shipbuilding segment revenues at 30 June 2022, excluding pass-through activities, come to euro 2,812 million, with a 6.5% increase compared to the same period in 2021, with a positive effect coming from the change in the Euro/USD exchange rate (euro 30 million). Euro 1,901 million of the revenues for the period refer to the cruise ship business (euro 1,853 million at 30 June 2021) with an increase of 2.6% and euro 911 million refer to the naval vessel business area (euro 789 million at 30 June 2021) with an increase of 15.6%. Their percentage of Group revenues are 49% and 23% respectively, as compared to that reported at 30 June 2021 (54% and 23%).
The performance of revenues of the **cruise ship business area** in the first half of 2022 reflected production volumes still at record levels (with 8.6 million hours worked vs. 8.4 million in the first half of 2021), consolidating the growth trend already achieved in 2021. The increase, in the same period, in the value of production of the **naval vessels business area** is an expression of the progress of orders for the Qatari Ministry of Defence and the Italian Navy. In addition, US shipyards remain committed to the development of the Foreign Military Sales program between the US and Saudi Arabia for the supply of four Multi-Mission Surface Combatants, the continuation of the Constellation program and the Littoral Combat Ship (LCS) program.

EBITDA

EBITDA of the segment at 30 June 2022 amounted to euro 168 million, down from the first half of 2021 (euro 200 million), and is affected by the negative effect (in the amount of euro 62 million) attributable to the impairment of work in progress (as per IFRS9), to reflect the updated assessment of the counterparty risk of a cruise shipowner, following the missed pick-up of a ship scheduled in July, which was deferred to the fourth quarter of this year. Net of this effect, the EBITDA margin would have stood at 8%, confirming the segment's positive operating performance, which was also the result of the efficiency gains in management processes following the investments made in recent years, which made it possible to absorb the further increase in prices of raw materials recorded in the half-year following the Russian-Ukrainian conflict.

Order intake

In the first six months of 2022, orders worth euro 691 million were acquired, mainly related to the construction by the US subsidiary Fincantieri Marinette Marine of the third missile-launching frigate as part of the Constellation program and additional work on cruise vessels already in the order book.

Capital expenditure

Capital expenditure in Property, plant and equipment in the first half of 2022 mostly involved:

- activities to improve the operational areas and infrastructure of the Monfalcone and Marghera shipyards to enable a more efficient development of the acquired backlog. For both sites, the investment plan is expected to be completed within this year;
- the progress, at the Riva Trigoso shipyard, of the significant investment plan to increase the plant's production capacity and streamline shipbuilding activities for naval projects;
- the continuation of the important investment program in the US sites of Marinette Marine and Bay Shipbuilding shared with the US Navy, to increase their efficiency in order to develop the order backlog resulting from the Constellation program;
- the process of adopting new technologies, in particular at the Monfalcone shipyard, with regard to the Integrated Environmental Authorization;
- upgrading and improvement of the safety and energy saving standards of machinery, equipment and buildings.

Production

The number of vessels delivered in the first six months of 2022 is analyzed as follows:

(number)

	DELIVERIES
Cruise ships	2
Naval vessels	3

The vessels delivered were:

- "Discovery Princess", the sixth Royal class unit for the customer Princess Cruises, a brand of the Carnival Corporation group, at the Monfalcone shipyard;
- "Viking Mars", the eighth unit of the class for the shipowner Viking, at the Ancona shipyard;
- "Thaon di Revel", the first Multipurpose Offshore Patrol Vessel (PPA) for the Italian Navy, at the Muggiano (La Spezia) shipyard;
- "Musherib", the first patrol vessel, and "Damsah", the second corvette for the Qatari Ministry of Defence at the Muggiano (La Spezia) shipyard.

Offshore and Specialized vessels

The Offshore and Specialized vessels segment includes the design and construction of high-end offshore support vessels, specialized vessels and vessels for offshore wind farms and open ocean aquaculture, as well as innovative products in the field of drillships and semi-submersible drilling rigs. Fincantieri operates in this market through the VARD group, FINCANTIERI S.p.A. and Fincantieri Oil & Gas S.p.A..
It should be noted that, following the reallocation of Seaonics' activities from the Offshore and Specialized vessels segment to the Equipment, Systems and Services segment in the second half of 2021, the comparative figures at 30 June 2021 have been appropriately reclassified and are shown below as restated.

(euro/million)

31.12.2021			30.06.2022	30.06.2021 restated	30.06.2021 reported
456	Revenue and income *		376	211	220
10	EBITDA [1] *		9	3	4
2.1%	EBITDA margin */**		2.5%	1.5%	1.9%
508	Order intake *		445	167	174
1,643	Order book *		1,952	1,301	1,351
972	Order backlog *		1,152	854	879
6	Capital expenditure		1	2	2
4	Vessels delivered	number	3	2	2

* Before adjustments between segments.
** Ratio between segment EBITDA and Revenue and income.
[1] This figure does not include Extraordinary and non-recurring income and expenses, including expenses from the impact of the spread of COVID-19. See the definition contained in the section Alternative Performance Measures.

Revenue and income

Revenues for the Offshore and Specialized vessels segment at 30 June 2022, amounting to euro 376 million, were **up sharply** (+78.8% compared to the same period of the previous year), also thanks to the change in the Euro/USD exchange rate (euro 13 million), continuing the growth trend recorded during 2021. Among the elements that contributed to the advancement of revenues were the progress in the construction of the three vessels for the Norwegian Coast Guard, the vessels ordered in the wind offshore sector and an innovative cable laying machine with reduced environmental impact.

EBITDA

The EBITDA of the operating segment at 30 June 2022 amounts to euro 9 million (euro 3 million at 30 June 2022), with an EBITDA margin of 2.5% (1.5% at 30 June 2021). The EBITDA performance in the first half of 2022 is the result of the strategy of reorganisation and repositioning in segments with broader market prospects, confirmed by the acquisition of new orders.

Order intake

New order intake by the VARD group in the first half of 2022 amounted to euro 445 million and mainly related to:

- six robotic units for Ocean Infinity for the "Armada" fleet of remotely controlled ships;
- two Commissioning Service Operations Vessels (CSOV) for the Norwegian company for the wind offshore segment;
- an innovative Fishery unit for the German company Deutsche Fischfang-Union, intended for the storage and processing of fish.

Capital expenditure

Capital expenditure in the first six months of 2022 mainly relates to standard measures to maintain production efficiency.

Production

The following vessels were delivered during the period:

(number)

	DELIVERIES
SOV	1
Fishery vessels	2

In detail:

- a Service Operation Vessel for customer Ta San Shang Marine for the maintenance of the Greater Changhua marine wind farms operated by the Danish power company Ørsted, at the Vung Tau shipyard (Vietnam);
- two Fishery units for customer Nergård Havfiske and customer Akraberg respectively, delivered at the Brattvåg shipyard (Norway).

Equipment, Systems and Services

The Equipment, Systems and Services segment includes the following business areas: Services, Complete Accommodation, Electronics, Systems and Software, Mechatronics, Infrastructure. These activities are carried out by FINCANTIERI S.p.A. and by its Italian and foreign subsidiaries.
It should be noted that, following the reallocation of the activities of Vard Electro from the Shipbuilding segment and Seaonics from the Offshore and Specialized vessels segment to the Equipment, Systems and Services segment in the second half of 2021, the comparison figures at 30 June 2021 shown below refer to the restated values.

(euro/million)

31.12.2021		30.06.2022	30.06.2021 restated	30.06.2021 reported
1,404	Revenue and income *	729	562	481
61	EBITDA [1] *	(66)	39	32
4.4%	EBITDA margin */**	-9.1%	6.9%	6.6%
1,418	Order intake *	704	674	665
5,996	Order book *	6,039	5,828	5,726
3,627	Order backlog *	3,705	3,642	3,606
30	Capital expenditure	19	12	12

* Before adjustments between segments.
** Ratio between segment EBITDA and Revenue and income.
[1] This value does not include extraordinary and non-recurring income and expenses See the definition contained in the section Alternative Performance Measures.

Revenue and income

Equipment, Systems and Services segment revenues amounted to euro 729 million, an increase of 29.6% compared to the first half of 2021. This growth is mainly attributable to the growth in order backlog of the Mechatronics, Complete Accommodation and Infrastructure business areas, with the advancement of the FINSO group's projects, which were acquired in the second half of 2021.

EBITDA

The EBITDA of the segment at 30 June 2022 is negative for euro 66 million (positive of euro 39 million at 30 June 2021), with a negative EBITDA margin of 9.1% (positive for 6.9% at 30 June 2021). The deterioration in margins in the first half of the year is mainly attributable to the Infrastructure business, also as a result of an updated risk analysis carried out based on the information acquired during the first part of the year by the new management. Furthermore, as a result of the completion of the engineering work, higher quantities were recorded than originally budgeted, which, together with the increase in prices of raw materials and unfavourable exchange rate effects, severely penalised the result of the period.

Order intake

New order intake for the Equipment, Systems and Services segment amounted to euro 704 million in 2022 and for the business areas mostly comprises:

- Services: additional activities on the Through Life Sustainment Management program of the Italian Navy's FREMM units; extension of In Service Support (ISS) contracts for the Italian Navy on the 'Orizzonte' and 'Cavour' class units, and for the Algerian Navy on 'BDSL' (Bâtiment de Débarquement et de Soutien Logistique); maintenance contract for the US Navy's 'Avenger' class minesweeper units;
- Complete Accommodation: supply, installation and refitting of cabins, hygiene boxes and public areas for cruise clients, including the Chinese client SWS and the client Ritz Carlton in connection with the refitting of the luxury Mega Yacht 'Evrima'. There was an increase in the percentage of non-captive orders;
- Electronics, Systems and Software: in the area of Digital Solutions, the supply of storage equipment for Poste Italiane and Carabinieri, the supply of Nutanix to Leonardo for the FREMMs, and the supply of Cloud infrastructure and services for the Fincantieri Group. In the Maritime & Defence business, the supply of navigation and automation systems commissioned by Fincantieri for the Logistic Support Ship (LSS) unit and of Minicolibrì systems and gyro-stabilised multi-sensor turrets for customer Leonardo. In the Critical Infrastructure business, the supply of pass counter buoys/LED displays for the customer Leonardo and the supply of level crossing monitoring systems for the customer Network Rail;
- Mechatronics: azimuth thruster, 21.6 MWe condensing turboalternator, after-sales services and supply of spare parts on steam turbines, after-sales service and spare parts on engines for the Italian and French Navies, remote management and control systems for on-board material handling;
- Infrastructure: renewal of some projects related to maintenance activities and additional works on already acquired projects.

Capital expenditure

Capital expenditure in the first six months of 2022 mainly relates to:

- continuation of the upgrading of the operating areas and infrastructure of the Fincantieri Infrastructure site in Valeggio sul Mincio following the award of major contracts for steel structures and for the development of activities linked to the shipbuilding process;
- the start of FMSNA's investment plan at the US yard in Jacksonville to equip the site with the facilities, plant and equipment needed to carry out maintenance activities for US Navy surface vessels;
- Isotta Fraschini Motori's capital expenditure as part of the IFuture project, a program launched in 2020 by the company with the aim of studying innovative solutions for the improvement and expansion of its product portfolio.

Other activities

Other activities primarily refer to the costs incurred by corporate headquarters for directing, controlling and coordinating the business that are not allocated to other operating segments.

(euro/million)

31.12.2021		30.06.2022	30.06.2021
2	Revenue and income	1	1
(43)	EBITDA [1]	(21)	(23)
n.a.	EBITDA margin	n.a.	n.a.
24	Investments	11	11

N.a. not applicable.
[1] See the definition contained in the section Alternative Performance Measures.

Capital expenditure

The main initiatives relate to capital expenditure on:

- the development of information systems to support the Group's growing activities and optimize processes, with particular reference to the upgrading of management systems and implementing these systems in the main subsidiaries;
- work to install an integrated system for ship design (CAD) and project lifecycle management (PLM), aimed at improving the efficiency and effectiveness of the engineering process;
- the digitalization initiatives aimed at (i) strengthening the introduction of Industry 4.0 principles into shipbuilding (e.g. artificial intelligence, automation, IoT, virtual reality) and (ii) use Robotic Process Automation tools and advanced analysis/reporting systems.

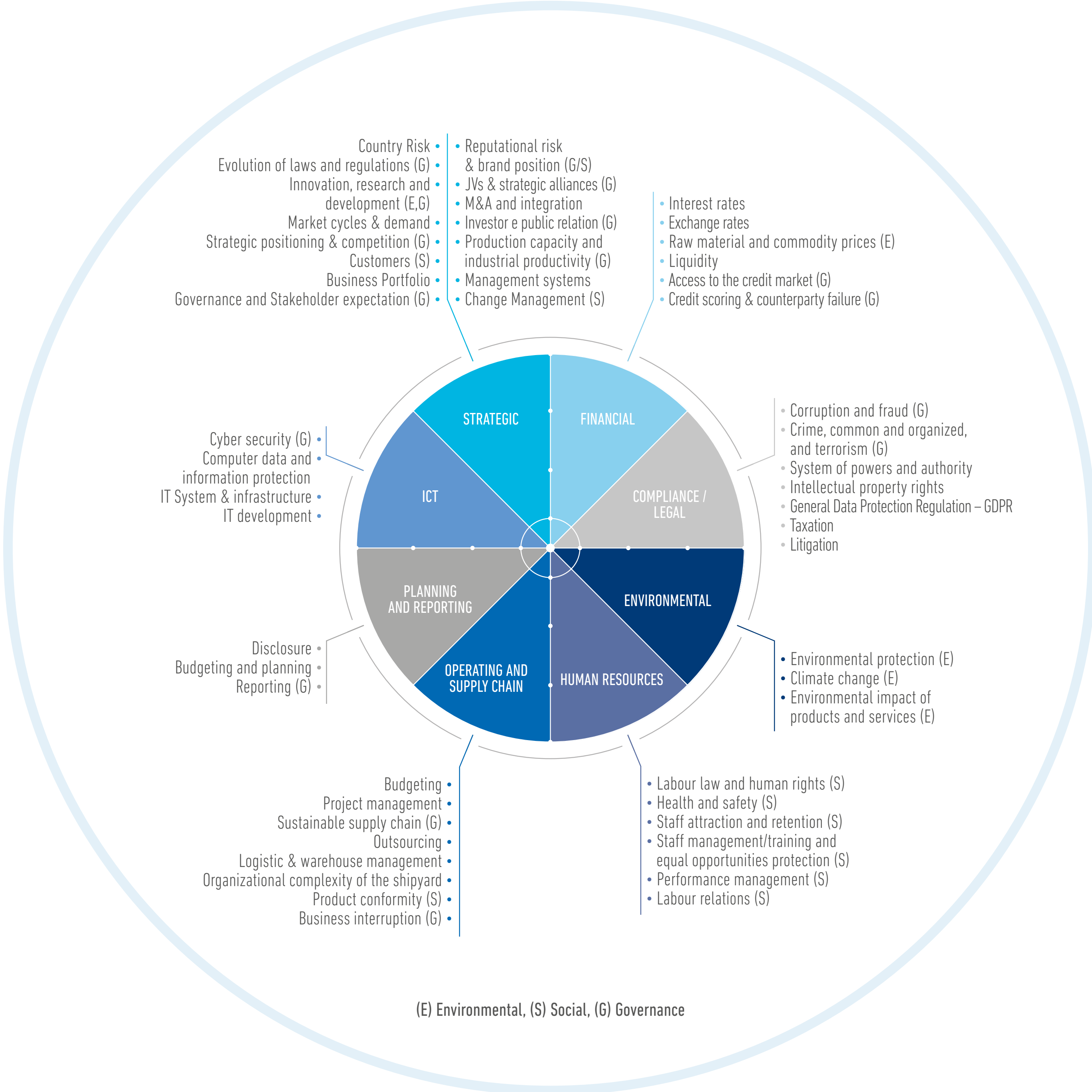
As in previous years, capital expenditure in renewing the Group's network infrastructure and hardware continued.

Risk Management

Fincantieri's Internal Control and Risk Management System (ICRMS) consists of a set of tools, organizational structures, and corporate procedures which seek to contribute - through a process of identification, assessment, management and monitoring of the main risks - to a sound and correct management of the Company, in a way, that is consistent with the predetermined objectives defined by the Board of Directors and in line with the leading international practices.

In 2021, the Group's risk catalogue (the so-called Risk Universe) was completely revised with a view to fully integrating sustainability, business and compliance aspects. The **Group's Risk Universe** consists of **52 risks**, divided into **8 macro-categories**, including **29 ESG** (Environmental - Social - Governance) risks.

RISK UNIVERSE

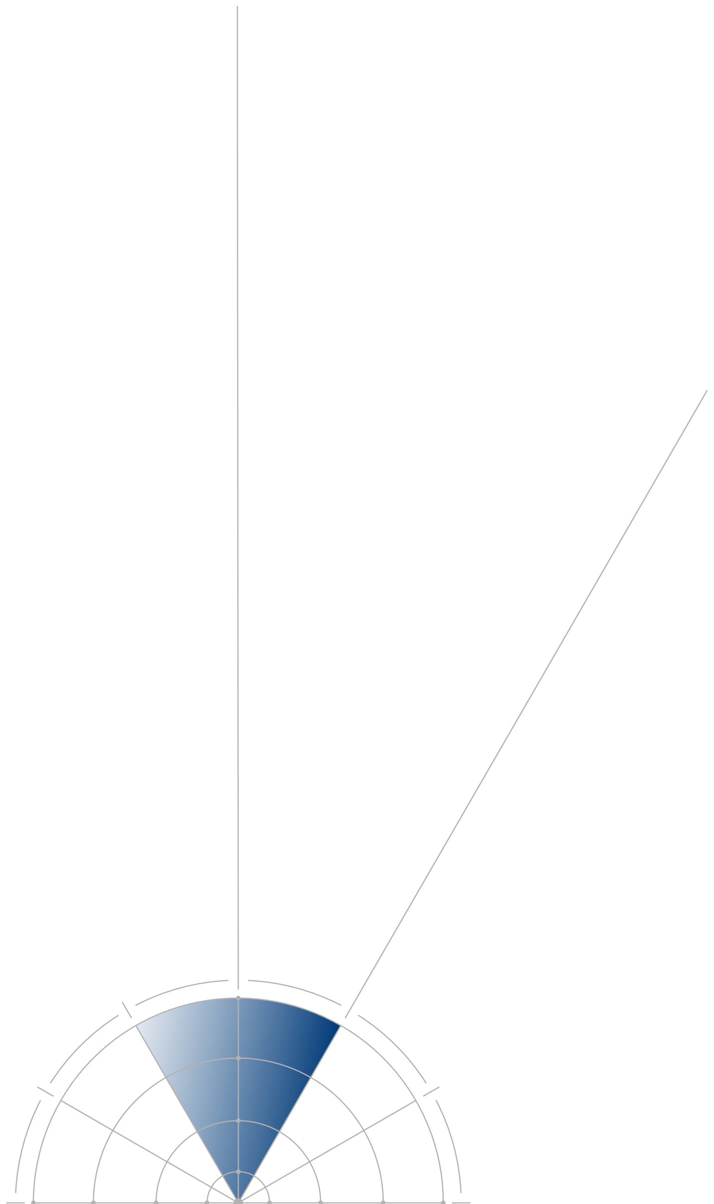


(E) Environmental, (S) Social, (G) Governance

Each identified risk is assessed according to the parameters of probability of occurrence over the plan horizon and its impact. Assessment scales are used to make the risks comparable. These are defined by the Director in Charge of the ICRMS, with the support of the Risk Officer, based on the Risk Appetite and Risk Tolerance thresholds approved by the Board of Directors. The impact assessment is broken down into 8 types:

- **economic and financial**
- **social (community)**
- **human capital**
- **operational**
- **environmental**
- **intellectual capital**
- **assets**
- **reputational**

On the basis of the assessment with reference to 31 December 2021, the most relevant risks (Top Risks at an inherent level) have been identified and analysed in detail, classified by category and accompanied by information on the relative potential impacts and the main existing controls. It should be noted that in the first half of 2022, the assessment was updated with reference to the risks potentially impacted by the Russian-Ukrainian conflict. The main risks identified as a result of this assessment are stated below.



STRATEGIC RISKS

Production capacity and industrial productivity

Risk that insufficient production capacity (either its own or that of its suppliers), excess capacity or incorrect distribution of workloads on the basis of available production capacity (plant, space and workforce) prevents the Group from meeting market demand and achieving optimum levels of efficiency and profitability. The risk may arise due to inadequate analysis of the production cycle (in terms of frequency and medium-term vision), force majeure events and inadequate maintenance or innovation of the equipment supporting the production process that fails to take into account energy efficiency and possible impacts on the environment.

Management methods

Production complexity is managed at different levels and in an integrated and cross-functional manner. Scenario analyses make it possible to optimize the distribution of workloads in the short/medium/long term on the basis of available production capacity and to monitor it over time thanks to the planning of activities, hours and resources by job, plant and production plant and to periodic monitoring of the progress of individual schedules (production, engineering, purchasing) and of the job as a whole. Periodic inter-functional committees analyse workloads and identify possible critical areas for action (resources, structural investments, logistical solutions). Particular attention is paid to checking the supply chain, both in terms of capacity (e.g.: lack of resources) and performance. The efficiency of suppliers is in fact constantly monitored through appropriate KPIs, with the timely identification and activation of recovery actions where critical issues are found. In order to create synergies and economies of use, the Group, in addition to certain common purchasing strategies, also acts through optimization of the production process. In addition, particular attention is paid to strategic investment planning, including the implementation of new projects in the areas of robotics, automation and energy-efficient solutions. The systems and their maintenance are periodically checked and prompt action is taken when necessary.

Business Portfolio

Risk that senior management does not have relevant or timely information (e.g. market trends, sudden changes in specific markets of interest, competitors) to adequately define the product portfolio or the balance between its segments with a view to long-term sustainability, with a consequent negative impact on the Group's overall future performance.

Management methods

Risk mitigation measures include: i) optimization of technical know-how acquired in order to develop economic efficiency within the production chain and in the negotiation of outsourced activities; ii) vertical integration of production (e.g. cabins); iii) increasing the range of technological solutions supplied as a lever for developing the after-sales segment; iv) using engineering, organizational and management skills for complex works as a lever for expanding into niches of the construction market; v) strategies aimed at strengthening the Group's positioning in the foreign defence market, in order to present itself as prime contractor and create a solid, long-term relationship with the customer.

HUMAN RESOURCES RISKS

Health and safety

Risk that the Group does not invest enough in the protection of health and safety in the workplace with consequent damage to its own employees and any third parties involved in company activities. This risk may arise due to slow or inadequate adaptation of internal processes to satisfy the provisions of current and emerging regulations, an inadequate system for the management and control of health and safety risks related to company activities and related mitigation actions, incorrect or inadequate performance of ordinary and/or extraordinary maintenance, and/or the absence of adequate systems for identifying contamination, and/or catastrophic risks, or poor training, information and awareness of individuals.

Management methods

The Group constantly monitors regulatory and legislative developments, incorporating updates into its processes and procedures and verifying their correct implementation through internal and external audits. Internal procedures are in place for the identification, assessment and management of risks that could compromise people's health and safety, including the analysis of near misses with a view to early intervention and prevention. Particular attention is also paid to the dissemination and strengthening of the culture of prevention and protection and increasingly responsible individual behaviour, through the necessary training and information on accident prevention and emergency management and actions to raise awareness of compliance with the rules and procedures aimed at internal and external staff. The production plants and departments are ISO 45001 certified. In the area of health, safety and environment, regular meetings are held to review and promptly resolve any issues. With regard to the COVID-19 health emergency, each site applies the protocol governing measures to combat and contain the spread of the virus as set out in national and company regulations.

Staff attraction and retention

Risk that the Group is unable to attract and retain highly qualified and competent management personnel with a high level of diversity in terms of age, nationality and gender, or to enhance the organizational structure with figures capable of managing the Group's growth and ensuring business transformation.

Management methods

Fincantieri extensively applies an Employer Branding strategy in order to promote internally and externally the quality of its brand as a workplace, together with an Employee Value Proposition strategy aimed at satisfying the needs and expectations of employees. The remuneration policy adopted includes all variables and there is an ongoing employee engagement program (Fincantieri for the Future) to retain qualified and competent personnel.

Labour relations

Risk that the Group does not manage its relations with its staff and trade union representatives adequately and transparently, resulting in hostility and/or a breakdown in relations. This risk may lead to strikes and slowdowns/interruptions in production.

Management methods

In addition to monitoring the correct application of the National Collective Bargaining Agreement and the current supplementary agreements, Fincantieri adopts a participatory model that is developed through the activities of various commissions defined by the supplementary agreement itself, which in some cases, in addition to trade unions, allow for the direct involvement of workers. Scheduled round tables are held monthly in each operational unit with workers' representatives and local trade unions on various issues, such as the status of contracting companies, the COVID-19 emergency management plan and the management of the related preventive containment measures, productivity issues, environmental and safety aspects. The flow of information and discussion is constant, also thanks to the Meetings of the Bilateral Joint Technical Body and unscheduled meetings with workers representatives and local trade unions on contingent issues in order to anticipate any criticalities. Where necessary, the cooling off procedures set out in the supplementary agreement are applied in order to avoid or contain production stoppages. In addition, meetings are held at least once a month at both site and central level on staff management issues (overtime, absenteeism, disciplinary issues, etc.).

OPERATING RISKS AND SUPPLY CHAIN

Project Management

Risk that the project management activities are inadequate and do not allow continuous and timely monitoring of the correctness and efficiency of the entire contract development process, resulting in failure to meet contractual and quality requirements, delays and/or additional costs with a consequent negative impact on the expected contract margin.

Management methods

The Group manages its projects through dedicated structures that control all aspects (contractual, technical/design, scheduling, economic and qualitative) of the contract life cycle (design, procurement, construction and outfitting). The identification, assessment and management of project risks is carried out through a structured and continuous risk management process. Contracts with suppliers include the possibility of applying penalties for delays or hold-ups attributable to such suppliers. In order to monitor the progress of both individual orders and the order portfolio and to promptly identify any critical issues and share corrective actions to be taken, there are regular meetings and discussions at different levels. The contracts entered into with customers provide that, in the event of a "force majeure event" preventing the regular construction of the job order, such as a government order, a pandemic or a war, the company would not be required to pay penalties to the shipowner for late delivery.

Organizational complexity of the shipyard

Risk that inefficient management of resources (internal and external personnel, production facilities, areas), due to inadequate medium/long-term planning, an ineffective control system, inefficient distribution of workloads or problems relating to the management of the complexities and risks associated with product diversification, generates slowdowns/interruptions in the production process, compromising the company's defined targets in terms of volumes, times, costs and quality.

Management methods

To manage processes of such complexity, the Group implements procedures and work plans designed to manage and monitor the implementation of each project throughout its duration. Constant dialogue channels are established between the Group entities in order to safeguard the integration processes; occasionally Parent Company resources are included. In addition, the Group has adopted a flexible production structure in order to respond efficiently to fluctuations in vessel demand in the various business areas. This flexible approach allows the Group to overcome capacity constraints at individual shipyards and to work on more than one contract at the same time while ensuring that delivery dates are met. The Group is implementing actions aimed at improving the production and design processes in order to strengthen competitiveness and increase productivity. The risk is closely related to the "Production capacity and industrial productivity" risk.

Logistic & warehouse management

Risk of inefficient or ineffective materials management, warehousing and transport activities resulting in a slowdown or stoppage of operations or an increase in overall costs and working capital.

Management methods

The Parent Company's processes provide for dedicated management of those supplies with the greatest impact on the project result, defined as "critical supplies". For these components, a delivery and supply schedule is defined with the supplier to ensure compliance with the contractual delivery date and the completeness of the supply. In the event of deviations, highlighted in periodic monitoring, recovery actions are agreed with the supplier, involving all the competent company functions. In the course of 2022, the start of the Russian-Ukrainian conflict generated supply bottlenecks for some commodity categories whose production is partially located in these territories, such as ferrous products. The mitigation actions implemented concerned: i) issuing orders for larger quantities to suppliers not located in these areas, ii) issuing orders to support short-term needs to qualified suppliers not already part of the Parent Company's supplier base, iii) scouting for new sources to mitigate risks in the medium-long term, and iv) optimising the use of existing inventories according to the priorities of the various sites. In addition, the service level of logistics operators and the tracking of transports are constantly and structurally monitored.

ENVIRONMENTAL RISKS

Climate change

Risk that a catastrophic event resulting from acute weather phenomena (storms, floods, earthquakes, fires or heat waves) and/or chronic weather phenomena, i.e. long-term climate change (changes in temperature, rising sea levels, reduced water availability, loss of biodiversity, etc.), could damage assets or cause a production stoppage for the Group and/or its suppliers, and prevent the Group from carrying out its operational activities by interrupting the value chain or slowing down the supply chain.

Management methods

In order to prevent or limit potential damage to assets and/or production stoppages due to adverse weather events, each production plant has specific emergency plans, subject to periodic verification through internal and third-party audits, as well as procedures governing studies and checks on the positioning of ships, moorings, scaffolding, cranes and related safety and warning systems. Maintenance activities also contribute to limiting damage from extraordinary weather events. The entire system is geared towards identifying, assessing and managing site-specific risks and limiting the potential impacts on the company's assets, as well as in general terms the environmental and social impacts that could result. To date, the economic/financial and asset-related risks arising from acute weather events are covered by insurance policies that reduce the possible direct and indirect impact of business interruption. Crisis Management Teams are also in place to manage emergencies and evacuation plans from countries where Group personnel are permanently present.

ICT RISKS

Cyber security

Risk that the Group suffers a cyber attack aimed at identity, data and information theft (e.g. confidential/privileged information, sensitive data, bank credentials, etc.), temporary suspension of company services or sabotage of computer systems, exploitation of the computing power of company computers for criminal purposes, resulting in reputational damage, loss of turnover, loss of customers and suppliers, sanctions and compensation claims, up to and including business interruption.

Management methods

Fincantieri has equipped itself with a set of tools designed to prevent and/or intercept computer attacks, such as a system for correlating computer-related events, a notification system to warn about suspicious emails (phishing), and a system for blocking requests to Internet domains classified as malicious. A threat intelligence service and preventive security checks through vulnerability assessments and penetration tests are also in place to enhance security. Any IT incidents are managed through structured processes that allow for prompt reactions. In order to increase awareness of cyber risks, staff training/information and awareness-raising initiatives are conducted.

Computer data and information protection

Risk that company information, especially sensitive and confidential information, may be accessed by unauthorized internal or third-party personnel, who may make unlawful use of it, modify it or delete it with serious prejudice to the Group and its stakeholders.

Management methods

Fincantieri adopts an integrated Quality and Information Security Management System certified to ISO 9001:2015 and ISO/IEC 27001:2013. As part of the Information Security Policy Architecture model, various policies, procedures and processes are in place to mitigate risk, together with the latest specific organizational and technological safeguards aimed at limiting access to services and information according to the "Least Privilege" and "Defence in Depth" principles and at protecting, through proactive, preventive and reactive controls, information systems and the information managed within them. Networks and systems are maintained in order to remove any obsolescence that might weaken the perimeter of defence against fraudulent or unauthorized access to data. Cyber security risk mitigation measures help mitigate the risk of integrity and confidentiality of company data managed through information systems.

IT System & infrastructure

Risk that IT systems (e.g. software, networks, etc.) are unreliable, ineffective / inefficient, or compromised by interventions of internal or third-party personnel, with a detrimental effect on data and/or business processes. In addition, the risk that the technology used in ICT is outdated and does not save energy.

Management methods

Fincantieri carries out periodic checks in order to guarantee secure, reliable and efficient IT systems; the checks and consequent corrective actions concern in particular hardware obsolescence, antivirus coverage of both servers and workstations, the segregation of networks and systems between the various Group companies and LAN networks. With reference to the security aspects, there is also a periodic revalidation of the system administrators, who have extensive access privileges to IT systems, and constant monitoring of access to 'core' systems through the Security Information & Event Management (SIEM) system, which allows 'abnormal' accesses to be intercepted and generates automatic alerts for timely verification and management by the Security Operation Centre. With reference to the SAP management system, periodic checks are also carried out on access to the system through emergency users (Firefighter) by FC IT staff or third parties; access and any interventions in the production environment through these types of users are in fact traced and verifiable a posteriori at any time.

COMPLIANCE/LEGAL RISKS

Crime, common and organized, and terrorism

Risk of common or organized crime events occurring inside or outside the Group's premises to the detriment of people and company assets, productivity and business continuity. This includes risks related to industrial security and the protection and safeguarding of state secrets and classified information and information for exclusive circulation, as well as risks related to the physical security of assets (tangible and intangible) and human resources.

Management methods

In order to contain the risk of unlawful influence and infiltration into the company's business, the Group, also with the help of referenced Commercial Information Companies, checks to ensure that suppliers and third parties meet reputational requirements, monitoring them over time and defining phase-out plans for the cases deemed to be at higher risk, also within the "Suppliers Observatory". Threat Intelligence activities are also carried out, through the collection and analysis of information from publicly available sources, in order to analyse known or emerging criminal risk scenarios, including in foreign areas of interest to the company. Any physical security needs are detected through Physical Security Vulnerability Assessments. There is also close cooperation with institutions and judicial police bodies, ensuring, in the relevant operational areas, the necessary support and that the higher risk cases are reported to the Prefectures in compliance with the National Legality Framework Protocol. Numerous risk prevention and/or mitigation measures are in place in all operating units, such as, for example, controls on the access of people, vehicles and goods entering and leaving, surveillance activities inside the premises, anti-intrusion perimeter controls, controls on access to ships under construction, etc. Management and control procedures also cover classified information and information for exclusive circulation in compliance with regulations on the administrative protection of State secrets, as well as industrial information. In order to increase awareness of security issues, the Group offers training activities to all personnel entering Fincantieri sites and shipyards.

FINANCIAL RISKS

Interest rates

Risk that changes in interest rates may lead to uncertainty about the value of net borrowing costs, prospective cash flows, and the fair value of assets and liabilities. Interest rates could also rise due to changes in monetary policies decided by the Central Banks in the areas where the Group operates.

Management methods

In order to contain the impact of interest rate fluctuations on medium- to long-term results, the Group continuously monitors interest rate trends and risk exposure, diversifies sources of funding and implements, where appropriate, hedging policies through the trading of derivative financial instruments.

Raw material prices

Risk that changes in the price of raw materials will impact the Group's production costs. This risk may arise, for example, as a result of catastrophic events affecting the supply chain, as a result of changes in customs policies or international import/export agreements or as a result of momentary or structural imbalances between supply and demand.

Management methods

In order to prevent and protect against the impact of raw material price changes on production costs, there is continuous monitoring of risk exposure and a constant evaluation of possible commercial (steel) or financial (copper and diesel) hedging strategies, which are implemented to contain the risk profile. The Group takes into consideration predictable increases in the components of contract costs when determining the offer price and evaluates the possibility of sharing risk with customers. At the time of signing the contract, fixed-price purchase options will already have been defined for some of the vessel's principal components. In addition, the market and the Authority's resolutions on electricity and gas are actively monitored, in order to take advantage of the best conditions in good time. Finally, the Group carries out an analysis of planned investments to see whether they should be postponed beyond the price increase cycle.

Liquidity

Risk associated with the Group's inability to repay its current financial liabilities or to meet unforeseen cash requirements, related to lower or higher than expected cash receipts or disbursements.

Management methods

To mitigate liquidity risk and guarantee a sufficient level of financial flexibility, the Group constantly maintains a buffer of available funding sources that is more than adequate for its expected future needs, even in the event of unfavourable cash scenarios, diversifies its sources of funding in terms of duration, counterparty and technical form, and constantly monitors the trend in its own cash flows in order to anticipate and promptly manage any needs and/or criticalities. It should be noted that there are no covenants included in the Group's loan agreements.

With reference to financial risks, see Note 1 of these Interim Financial Statements.

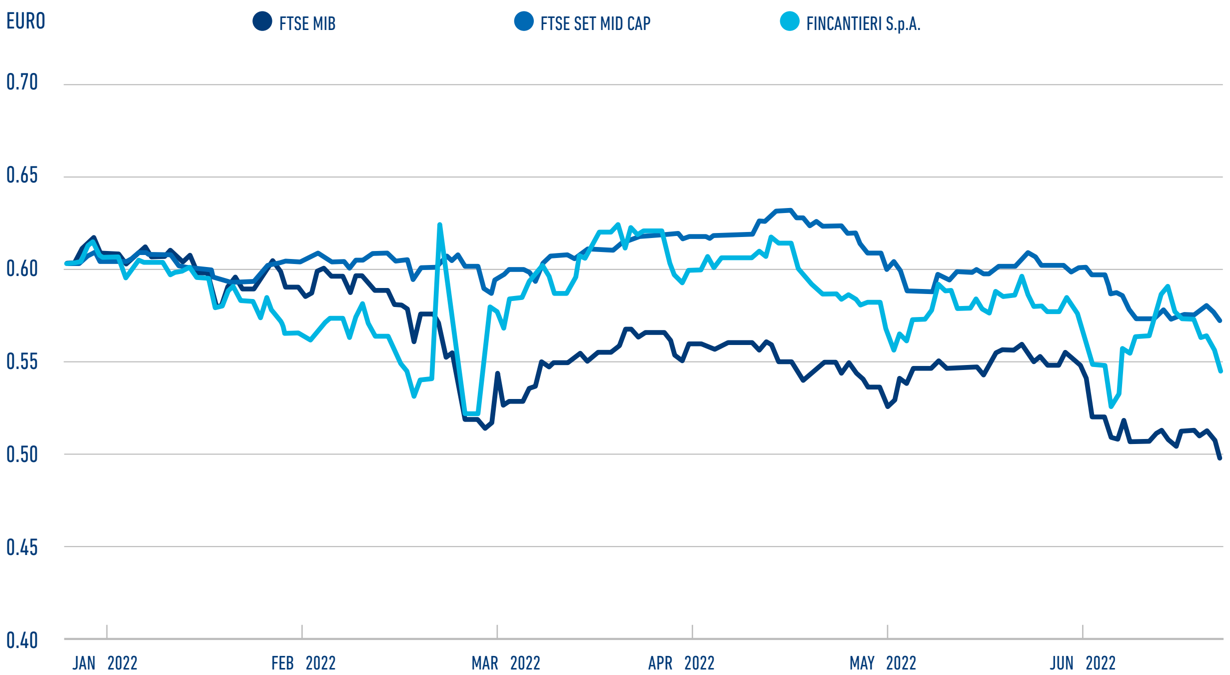
Other information

Market capitalization

The market capitalization of Fincantieri, at the closing price on 30 June 2022, was approximately euro 901 million. In terms of stock liquidity, around 334 million shares were traded from the start of the year to 30 June 2022, with a daily average trading volume in the period of around 2.6 million shares, a decrease from the 589 million shares traded in the first half of 2021 (with a daily average trading volume of 4.7 million).

31.12.2021			30.06.2022	30.06.2021
0.69	Average share price in the period	euro	**0.58**	0.68
0.60	Share price at period end	euro	**0.53**	0.76
1,700	Number of shares issued	million	**1,700**	1,700
1,697	Number of shares outstanding at period end	million	**1,695**	1,695
1,026	Market capitalization (*)	euro/million	**901**	1,292

* Number of shares issued multiplied by reference share price at period end.



Other significant events in the period

JANUARY

On **11 January 2022** started, at the Muggiano (La Spezia) shipyard, the production activities for the first of 2 new-generation submarines, as part of the U212NFS (Near Future Submarine) acquisition program of the Italian Navy.

MARCH

On **10 March 2022**, started the construction of the new MSC Cruises terminal in Miami today with the "laying of the first stone". The construction work, carried out by Fincantieri Infrastructure in what is considered to be the world capital of cruise tourism, will be the largest state-of-the-art terminal in the United States and one of the most important internationally, which will be able to simultaneously harbour 3 latest-generation and low environmental impact ships such as MSC Cruises' future LNG-fuelled ships which are scheduled to become operational in the upcoming months, handling up to 36,000 passengers a day.

JUNE

On **22 June 2022**, took place the steel cutting ceremony of the first of 2 new-concept gas powered ships (Liquified Natural Gas – LNG) for TUI Cruises, a joint venture between TUI AG and Royal Caribbean Cruises, The new units will be built at the Monfalcone shipyard and delivered in 2024 and in 2026.

On **30 June 2022**. The Board of Directors has appointed Mr. Pierroberto Folgiero, Chief Executive Officer, as Company's Managing Director following the mutual resolution of the employment relationship with Mr. Fabio Gallia.

Key events after the reporting period ended 30.06.2022

On 6 July 2022, Fincantieri and Explora Journeys, the luxury travel brand of the MSC Group's Cruise Division, announced the signing of a memorandum of agreement for the construction of two additional hydrogen-powered luxury cruise ships, increasing the total number of vessels in the fleet from four to six.
On 7 July 2022, in the presence of the Deputy Prime Minister and Minister of Defence of Qatar H.E. Khalid bin Mohamed Al Attiyah and the Italian Minister of Defence Lorenzo Guerini, the delivery of the Offshore Patrol Vessel (OPV) "Sheraouh", the second unit of the class commissioned to Fincantieri by the Qatari Ministry of Defence, took place at the Muggiano (La Spezia) shipyard. The ship acquisition program has a total value of almost euro 4 billion and includes, in addition to the 2 OPVs, 4 corvettes and 1 LPD (Landing Platform Dock).
On 11 July 2022, Fincantieri announced the signature, with an International customer, of a contract for the construction of a new ultra-luxury cruise ship and 2 options.

Business Outlook

After two years of activities strongly affected by safety measures to protect the health of passengers and crews, the major cruise brands have put almost all their fleets back into service to meet the growing demands of tourism. Already in April, the booking trends recorded for the second half of the year exceeded 2019 levels, thus confirming the complete normalisation of the market by the end of the year.
The first half of 2022 was characterized not only by a further development of the COVID-19 outbreak, but also by the continuation of the Russian-Ukrainian conflict, which impacted production activities without, however, compromising their progress.
The hostilities between Russia and Ukraine have led to difficulties for the Group, particularly in Europe, in the procurement of ferrous materials, an increase in energy and natural gas tariffs, as well as in transport costs and related insurance policies, particularly in the Black Sea area for the movement of sections from Romania to Italy.
With regard to the evolution of the epidemic, it should be noted that in the first months of the year, the outbreak of the Omicron variant had slowed down the return to operation of the global fleet of cruise ships, worsening the financial situation of some shipowners. Starting in the second quarter of 2022, the downturn in the contagion curve made it possible to ease some of the containment measures, including at the Group's shipyards. However, it should be emphasised that, in recent weeks, the epidemic upsurge has once again drawn attention to a potential critical issue concerning the availability of resources at the Group's sites to handle the order backlog expected in the coming months.
In this context, we continued with the implementation of specific risk mitigation plans, aimed at:

(i) ensuring the availability of an adequate level of resources at the Group's shipyards (rebalancing of order backlogs between shipyards, selection of additional firms to support short-term needs);
(ii) ensuring the availability of materials (securing the ferrous materials supply chain);
(iii) more accurate monitoring of company performance and reduction of electricity consumption.

However, the persistence of exogenous phenomena that emerged after 31 December 2021, such as geopolitical, economic and financial market instability, still lead to high uncertainty.
Net of a further possible deterioration of the macroeconomic scenario, Fincantieri expects to be able to guarantee full production during the year, which will allow revenues to grow at levels higher than those of 2021, and expects an improvement in the Group's margins in the second half of the year, albeit at levels still lower than those of 2021.
The Net Financial Position, presented in accordance with ESMA guidelines[13], is expected to improve slightly in 2022, due to the delivery of 5 cruise vessels in the second half of the year, but remains affected by the financial requirements to support the production program, which envisages the delivery of 4 cruise ships in the first half of 2023.
The Shipbuilding segment confirms the forecasted increase in business volumes compared to the levels achieved in 2021. In the cruise ship business area, four ships are scheduled to be delivered to the Group's Italian shipyards (in addition to the two delivered in the first half-year) and one vessel in the luxury-niche segment by VARD's cruise division (Viking Polaris). In the naval business area, 3 ships are scheduled to be delivered by Italian yards (in addition to the 3 delivered in the first half-year), and 1 vessel to the Group's US shipyards.
The Offshore and Specialized Vessels segment forecasts a significant growth in business volumes for the period compared to 2021 levels and the delivery of 5 ships (in addition to the 3 delivered in the first half of the year).
For the Equipment, Systems and Services segment, the following is expected:

- in the Services business area, the development of the backlog related to the contracts signed with the Italian Navy and the Qatari Ministry of Defence;
- in Complete Accommodation, a sustained growth supported by an increase in the supply of public areas, refitting activities and the good performance of the project for the installation of cabins in China;
- for Electronics, Systems and Software, a considerable increase driven by the defence systems business in the naval sector and the Cybersecurity & Digital Solutions business, both in the naval and civil sectors;
- in the Mechatronics business area, the continued development of new propulsion systems and strategic technologies;
- for Infrastructure, the development of projects in the portfolio.

The Group's innovation, investments and expertise will focus on the development of increasingly sustainable products, i.e. equipped with new forms of green propulsion, and digital, priority levers to maintain and strengthen leadership in the segment.
Finally, in the second half of the year, the Group's management will be engaged in an in-depth analysis aimed at defining the strategy to strengthen the business portfolio with the objective of (i) pursuing maximum concentration in the core cruise and naval ship business and (ii) increasing the distinctiveness of the offer with innovative green and digital solutions.
The new strategic direction should, on the one hand, contribute to lowering the risk profile of the Group's activities, and on the other hand, enable it to meet the challenges posed by disrupted markets and environmental conditions with greater focus.

[13] European Securities and Markets Authority. The main differences concerned the exclusion from the net financial position monitored by the Group of payables for construction loans, payables for derivatives on non-financial positions, payables for options on investments measured at fair value, and the inclusion of non-current financial receivables.

Transactions with the controlling company and other Group companies

In compliance with the provisions of the Regulations concerning related party transactions adopted under Consob Resolution no. 17221 of 12 March 2010 and subsequent amendments and additions ("Consob Regulation"), FINCANTIERI S.p.A. has adopted Rules for Related Party Transactions ("RPT Rules") with effect from 3 July 2014. Subsequently, on 3 December 2015, the Company also adopted the "Management of Related Party Transactions" Procedure ("RPT Procedure") in order to describe and define the process, terms and operating procedures for the proper management of related party transactions. Both the RPT Rules and the RPT Procedure were revised, with effect from 1 July 2021, in order to incorporate the changes made by Consob with resolution no. 21624 of 10 December 2020 to the Consob Regulation.
As far as related party transactions carried out in the six-month period are concerned, these do not qualify as either atypical or unusual, since they fall within the normal course of business by the Group's companies. Such transactions are conducted under market terms and conditions, taking into account the characteristics of the goods and services involved.
Information about related party transactions, including the disclosures required by the Consob Communication dated 28 July 2006, is presented in Note 30 of this Half-Year Financial Report.

Purchase of own shares

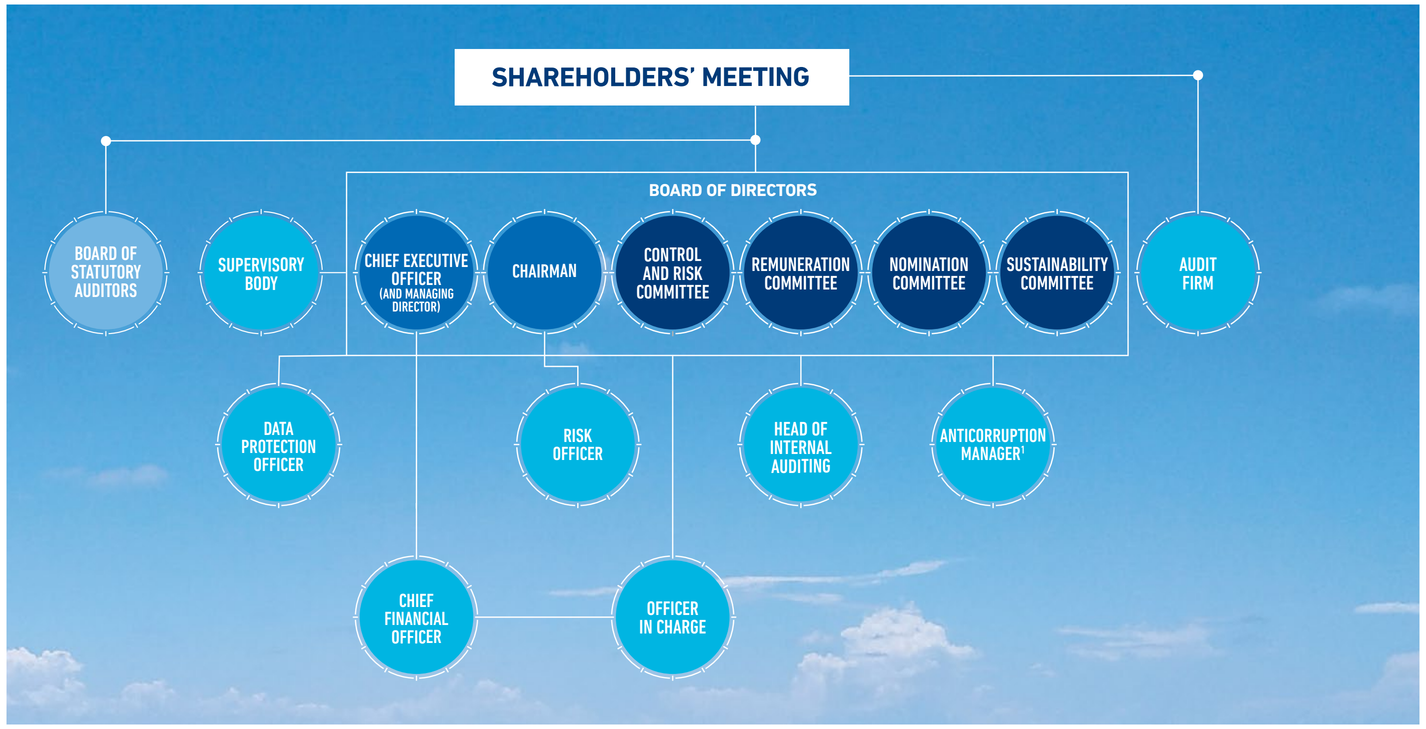
The Shareholders' Meeting held on 16 May 2022, revoking previous resolutions, authorized the Board of Directors to purchase, on one or more occasions, for a period of eighteen months from the date of the Shareholders' Meeting, ordinary shares of FINCANTIERI S.p.A., for a maximum amount of shares not exceeding one-fifth of the share capital. In execution and in compliance with this shareholders' resolution, the Parent Company, on 15 June 2022, started the program for the purchase of own shares to service the incentive plan called "Performance Share Plan 2019-2021". This program ended on 24 June 2022 with the purchase on the market of 2,000,000 own shares, equal to about 0.12% of the share capital, at a weighted average net price of euro 0.5683 per share, for a total countervalue of euro 1,143 thousand. At 30 June 2022, the own shares in portfolio amounted to 5,012,414 (equal to 0.295% of the Share Capital) for a total value of euro 4,110 thousand.

Italian stock market regulations

Art. 15 of the Italian Stock Market Regulations (adopted by Consob Resolution no. 20249 of 28 December 2017) sets out the listing conditions for companies that control companies incorporated in and governed by the laws of non-EU countries. With reference to the regulatory requirements concerning the listing conditions for controlling companies, incorporated in and governed by the laws of non-EU countries, that are material to the consolidated financial statements, it is reported that at 30 June 2022, the Fincantieri subsidiaries falling under the scope of the above article are the VARD group and the FMG group. Suitable procedures have already been adopted to ensure that these groups comply with these regulations.
In accordance with the disclosures required by Consob Communication no. DEM/6064293 dated 28 July 2006, it is reported that no atypical and/or unusual transactions took place during the first half of 2022.

Information regarding Corporate Governance

The "Report on Corporate Governance and Ownership Structure" (the "Report") required by Art. 123-bis of the Consolidated Law on Finance is a stand-alone document approved by the Board of Directors on 23 March 2022, and published in the "Ethics and Governance" section of the Company's website at www.fincantieri.com.
The Report has been prepared in accordance with the recommendations of the Corporate Governance Code and taking into account the recommendations for the format of the report on corporate governance and ownership structure drawn up by Borsa Italiana S.p.A. (IX Edition January 2022).
The Report contains a general and complete overview of the corporate governance system adopted by FINCANTIERI S.p.A. It presents the Company's profile and the principles underlying the way it conducts its business; it provides information about the ownership structure and adoption of the Corporate Governance Code, including the main governance practices applied and the main characteristics of the system of internal control and risk management; it contains a description of the operation and composition of the governing and supervisory bodies and their committees, roles, duties and responsibilities.
The criteria for determining the compensation of the directors are set out in the "Report on the policy regarding remuneration and fees paid", prepared in compliance with the requirements of Art. 123-ter of Italy's Consolidated Law on Finance and Art. 84-quater of the Consob Issuer Regulations, and published in the "Ethics and Governance" section of the Company's website.



[1] Head of the Compliance Department for the prevention of corruption in accordance with UNI ISO 37001:2016.

Alternative performance measures

Fincantieri's management reviews the performance of the Group and its business segments, also using certain measures not envisaged by IFRS. In particular, EBITDA, in the configuration monitored by the Group, is used as the main earnings indicator, as it enables the Group's underlying profitability to be assessed without the impact of volatility associated with non-recurring items or extraordinary items outside the ordinary course of business (see the reclassified consolidated income statement given in the section commenting on the Group's economic and financial results); the EBITDA configuration adopted by the Group may not be consistent with the configuration adopted by other companies. As already mentioned above, the Net financial position reported by the Group, compared with the 2021 Annual Report, has been modified and aligned to ESMA recommendations, past figures are restated. The main differences regarded the exclusion of construction loans and the inclusion of non-current financial receivables. As a consequence, Net fixed capital, Net working capital, Net invested capital have been restated.
As required by Consob Communication no. 0092543 of 3 December 2015 which implements the ESMA Guidelines on Alternative Performance Measures (document no. ESMA/2015/1415), the components of each of these measures are described below:

- EBITDA: this is equal to earnings before taxes, before finance income and costs, before income and expenses from investments and before depreciation, amortization and impairment, as reported in the financial statements, adjusted to exclude the following items:

  - provisions for costs and legal expenses associated with lawsuits brought by employees for asbestos-related damages;
  - costs related to the impacts deriving from the spread of COVID-19 mainly refer to the impact of reduced efficiency resulting from the implementation of the preventive measures adopted, and the costs for sanitary aids and expenses to ensure employee health and safety;
  - costs relating to reorganization plans and non-recurring other personnel costs;
  - other extraordinary income and expenses.

- EBIT: this is equal to EBITDA after deducting recurring depreciation, amortization and impairment of a recurring nature (this excludes impairment of goodwill, other intangible assets and property, plant and equipment recognized as a result of impairment tests or after specific considerations on the recoverability of individual assets).
- Adjusted profit/(loss): this is equal to profit (loss) for the year before adjustments for non-recurring items or those outside the ordinary course of business, which are reported before the related tax effect.
- Net fixed capital: this reports the fixed assets used in the business and includes the following items: Intangible assets, Rights of use, Property, plant and equipment, Investments, Non-current financial assets and Other non-current assets and liabilities (including the fair value of derivatives classified in non-current Financial assets) net of Employee benefits.
- Net working capital: this is equal to capital employed in ordinary operations which includes Inventories and advances, Construction contracts and client advances, Trade receivables, Trade payables, Provisions for risks and charges and Other current assets and liabilities (including Income tax assets, Income tax liabilities, Deferred tax assets and Deferred tax liabilities, as well as the fair value of derivatives classified in current Financial assets).
- Net invested capital: this is calculated as the sum of Net fixed capital and Net working capital.
- Net financial position includes:

  - Net current cash/(debt): liquidity, current financial assets, current financial liabilities and current portion of medium/long-term loans and credit facilities;
  - Net non-current cash/(debt): non-current financial liabilities and debt instruments.

- ROI: Return on Investment is calculated as the ratio between EBIT for the period and the arithmetic mean of Net invested capital at the beginning and end of the reporting period.
- ROE: Return on equity is calculated as the ratio between Profit/(loss) for the period and the arithmetic mean of Total Equity at the beginning and end of the reporting period.
- Total debt/Total equity: this is calculated as the ratio between Total debt and Total equity.
- Net financial position/EBITDA: this is calculated as the ratio between the Net financial position and EBITDA in the configuration monitored by the Group and described above.
- Net financial position/Total equity: this is calculated as the ratio between the Net financial and Total equity.
- Revenue and income excluding pass-through activities: these exclude the portion of revenues that relates to sales contracts with pass-through activities and which have a contra-entry in the cost item; pass-through activities are those contracts for which the Group invoices the entire contractual amount to the end customer but does not directly manage the construction contract.
- Provisions: these refer to increases in the Provisions for risks and charges, and impairment of Trade receivables and Other non-current and current assets.

Reconciliation of the reclassified financial statements used in the Report on operations with the mandatory IFRS statements

Consolidated income statement

(euro/million)

	30.06.2022		30.06.2021	
	Amounts in IFRS statement	Amounts in reclassified statement	Amounts in IFRS statement	Amounts in reclassified statement
A - Revenue		**3,520**		**3,251**
Operating revenue	3,467		3,214	
Other revenue and income	53		37	
B - Materials, services and other costs		**(2,812)**		**(2,472)**
Materials, services and other costs	(2,815)		(2,493)	
Recl. to I - Extraordinary and non-recurring income and expenses	3		21	
C - Personnel costs		**(605)**		**(546)**
Personnel costs	(605)		(551)	
Recl. to I - Extraordinary and non-recurring income and expenses	-		5	
D - Provisions		**(13)**		**(14)**
Provisions	(59)		(41)	
Recl. to I - Extraordinary and non-recurring income and expenses	46		27	
E - Depreciation, amortization and impairment		**(111)**		**(96)**
Depreciation, amortization and impairment	(218)		(96)	
Recl. to I - Extraordinary and non-recurring income and expenses	107		-	
F - Finance income/(costs)		**(44)**		**(45)**
Finance income/(costs)	(44)		(45)	
G - Income/(expense) from investments		**(7)**		**-**
Income/(expense) from investments	(7)		-	
H - Income taxes		**(22)**		**(29)**
Income taxes	(6)		(18)	
Recl. to L - Tax effect of extraordinary and non-recurring income and expenses	(16)		(11)	
I - Extraordinary and non-recurring income and expenses		**(156)**		**(53)**
Recl. from B - Materials, services and other costs	(3)		(21)	
Recl. from C - Personnel costs	-		(5)	
Recl. from D - Provisions	(46)		(27)	
Recl. from E – Depreciation, amortization and impairment	(107)		-	
L - Tax effect of extraordinary and non-recurring income and expenses		**16**		**11**
Recl. from H – Income taxes	16		11	
Profit/(loss) for the period		**(234)**		**7**

Consolidated statement of financial position

(euro/million)

	30.06.2022		31.12.2021	
	Partial values mandatory scheme	Amounts in reclassified statement	Partial values mandatory scheme	Amounts in reclassified statement
A - Intangible assets		**565**		**688**
Intangible assets	565		688	
B - Rights of use		**131**		**116**
Rights of use	131		116	
C - Property, plant and equipment		**1,579**		**1,518**
Property, plant and equipment	1,579		1,518	
D - Investments		**123**		**123**
Investments	123		123	
E - Non-current financial assets		**245**		**252**
Non-current financial assets	256		257	
Recl. to F) Derivative assets	(11)		(5)	
F - Other non-current assets and liabilities		**13**		**(1)**
Other non-current assets	62		47	
Recl. from E) Derivative assets	11		5	
Other non-current liabilities	(60)		(53)	
G - Employee benefits		**(57)**		**(64)**
Employee benefits	(57)		(64)	
H - Inventories and advances		**901**		**886**
Inventories and advances	901		886	
I - Construction contracts and client advances		**1,914**		**1,182**
Construction contracts - assets	3,496		2,639	
Construction contracts - liabilities and client advances	(1,381)		(1,361)	
Onerous Contracts Provision	(201)		(96)	
L - Trade receivables		**1,175**		**936**
Trade receivables and other current assets	1,501		1,285	
Recl. to O) Other current assets	(326)		(349)	
M - Trade payables		**(2,562)**		**(2,490)**
Trade payables and other current liabilities	(2,955)		(2,850)	
Recl. to O) Other current liabilities	393		360	
N - Other provisions for risks and charges		**(123)**		**(101)**
Provisions for risks and charges	(324)		(197)	
Onerous Contracts Provision	201		96	
O - Other current assets and liabilities		**41**		**27**
Deferred tax assets	141		108	
Income tax assets	16		15	
Derivative assets	36		15	
Recl. from L) Other current assets	326		349	
Deferred tax liabilities	(72)		(70)	
Income tax liabilities	(13)		(30)	
Recl. from M) Other current liabilities	(393)		(360)	
NET INVESTED CAPITAL		**3,945**		**3,072**
P - Equity	**649**		**834**	
Q - Net financial position	**3,296**		**2,238**	
SOURCES OF FUNDING		**3,945**		**3,072**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2022

Consolidated statement of financial position

(euro/thousand)

	Note	30.06.2022	of which related parties Note 30	31.12.2021	of which related parties Note 30
ASSETS					
NON-CURRENT ASSETS					
Intangible assets	5	565,046		687,993	
Rights of use	6	130,545		115,927	
Property, plant and equipment	7	1,579,065		1,518,214	
Investments accounted for using the equity method	8	89,967		96,097	
Other investments	8	32,669		26,661	
Financial assets	9	255,658	44,465	256,251	50,625
Other assets	10	60,179	733	47,416	678
Deferred tax assets	11	141,202		109,181	
Total non-current assets		**2,854,331**		**2,857,740**	
CURRENT ASSETS					
Inventories and advances	12	901,212	91,383	885,688	109,268
Contract Assets	13	3,496,154		2,638,946	
Trade receivables and other current assets	14	1,501,053	82,446	1,285,337	86,954
Income tax assets	15	16,354		14,704	
Financial assets	16	256,981	8,542	162,939	2,611
Cash and cash equivalents	17	708,369		1,236,180	
Total current assets		**6,880,123**		**6,223,794**	
Assets classified as held for sale and discontinued operations	33	-		-	
TOTAL ASSETS		**9,734,454**		**9,081,534**	
EQUITY AND LIABILITIES					
EQUITY	18				
Attributable to owners of the parent					
Share capital		862,981		862,981	
Reserves and retained earnings		(228,217)		(44,399)	
Total Equity attributable to owners of the parent		**634,764**		**818,582**	
Attributable to non-controlling interests		13,921		15,655	
Total Equity		**648,685**		**834,237**	
NON-CURRENT LIABILITIES					
Provisions for risks and charges	19	287,158		86,277	
Employee benefits	20	57,368		63,664	
Financial liabilities	21	1,881,436	10,123	1,913,837	14,106
Other liabilities	22	58,462		53,574	
Deferred tax liabilities	11	71,772		70,101	
Total non-current liabilities		**2,356,196**		**2,187,453**	
CURRENT LIABILITIES					
Provisions for risks and charges	19	37,551		110,526	
Employee benefits	20	19		19	
Contract liabilities	13	1,380,443		1,361,471	
Trade payables and other current liabilities	23	2,955,113	146,093	2,850,092	172,682
Income tax liabilities		13,118		30,069	
Financial liabilities	24	2,343,329	281,833	1,707,667	95,889
Total current liabilities		**6,729,573**		**6,059,844**	
Liabilities directly associated with Assets classified as held for sale and discontinued operations	33	-		-	
TOTAL EQUITY AND LIABILITIES		**9,734,454**		**9,081,534**	

Consolidated statement of comprehensive income

(euro/thousand)

	Note	30.06.2022	of which related parties Note 30	30.06.2021	of which related parties Note 30
Operating revenue	25	3,466,584	87,301	3,213,805	496,609
Other revenue and income	25	53,064	6,866	37,185	5,583
Materials, services and other costs	26	(2,814,403)	(168,265)	(2,492,537)	(357,546)
Personnel costs	26	(604,442)		(551,846)	
Depreciation, amortization and impairment	26	(218,384)		(96,406)	
Provisions	26	(59,307)		(40,713)	
Finance income	27	77,531	397	41,474	394
Finance costs	27	(121,056)	(1,043)	(86,941)	(1,230)
Income/(expense) from investments	28	204		14,430	
Share of profit/(loss) of investments accounted for using the equity method	28	(7,546)		(14,364)	
PROFIT / (LOSS) FOR THE PERIOD BEFORE TAXES		**(227,755)**		**24,087**	
Income taxes	29	(5,770)		(16,870)	
NET PROFIT / (LOSS) FOR THE PERIOD (A)		**(233,525)**		**7,217**	
Attributable to owners of the parent		(229,871)		5,737	
Attributable to non-controlling interests		(3,654)		1,480	
Net basic earnings/(loss) per share (euro)	30	(0.13549)		0.00338	
Net diluted earnings/(loss) per share (euro)	30	(0.13364)		0.00335	
Other comprehensive income/(losses), net of tax (OCI)					
Gains/(losses) from remeasurement of employee defined benefit plans	18 20	3,991		1,257	
Total gains/(losses) that will not be reclassified to profit or loss, net of tax	18	**3,991**		**1,257**	
- attributable to non-controlling interests					
Effective portion of gains/(losses) on cash flow hedging instruments	18	24,124		3,194	
Gains/(Losses) from fair value measurement of investments measured at FVTOCI	18	(700)			
Gains/(losses) arising from changes in OCI of investments accounted for using the equity method	18				
Exchange gains/(losses) arising on translation of foreign subsidiaries' financial statements	18	18,119		12,544	
Total gains/(losses) that may be subsequently reclassified to profit or loss, net of tax	18	**41,543**		**15,738**	
- attributable to non-controlling interests		**1,857**		**615**	
TOTAL OTHER COMPREHENSIVE INCOME/(LOSSES), NET OF TAX (B)	18	**45,534**		**16,995**	
- attributable to non-controlling interests		**1,857**		**615**	
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD (A)+(B)		**(187,991)**		**24,212**	
Attributable to owners of the parent		(186,195)		22,118	
Attributable to non-controlling interests		(1,796)		2,094	

Consolidated statement of changes in equity

(euro/thousand)

	Note	Share capital	Reserves, retained earnings and gains/(losses)	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total
01.01.2021	18	862,981	(101,513)	761,468	15,100	776,568
Business combinations						
Share capital increase						
Share capital increase – non-controlling interests						
Acquisition of non-controlling interests			(80)	(80)		(80)
Dividend distribution						
Reserve for long-term incentive plan			3,064	3,064		3,064
Reserve for purchase of own shares						
Put option on non-controlling interests						
Other changes/roundings			36	36	(10)	26
Total transactions with owners			3,020	3,020	(10)	3,010
Net profit/(loss) for the period			5,737	5,737	1,480	7,217
OCI for the period			16,380	16,380	615	16,995
Total comprehensive income for the period			22,118	22,118	2,094	24,212
30.06.2021	18	862,981	(76,378)	786,603	17,187	803,790
01.01.2022	18	862,981	(44,399)	818,582	15,655	834,237
Business combinations						
Share capital increase						
Share capital increase – non-controlling interests						
Acquisition of non-controlling interests						
Dividend distribution						
Reserve for long-term incentive plan			3,366	3,366		3,366
Reserve for purchase of own shares			(1,143)	(1,143)		(1,143)
Put option agreed/exercised on non-controlling interests						
Other changes/roundings			154	154	62	216
Total transactions with owners			2,377	2,377	62	2,439
Net profit/(loss) for the period			(229,871)	(229,871)	(3,654)	(233,525)
OCI for the period			43,677	43,677	1,857	45,534
Total comprehensive income for the period			(186,195)	(186,195)	(1,796)	(187,991)
30.06.2022	18	862,981	(228,217)	634,764	13,921	648,685

Consolidated statement of cash flows

(euro/thousand)

	Note	30.06.2022	30.06.2021
GROSS CASH FLOWS FROM OPERATING ACTIVITIES	30	82,918	200,149
Changes to working capital			
- inventories		(20,313)	61,531
- Contract assets and liabilities		(706,085)	294,901
- trade receivables		(233,093)	(711,415)
- other current assets and liabilities		75,106	44,409
- other non-current assets and liabilities		(5,015)	13,633
- trade payables		67,455	(171,000)
CASH FLOWS FROM WORKING CAPITAL		(739,027)	(267,792)
Dividends paid			
Interest income received		15,695	6,409
Interest expense paid		(34,591)	(36,514)
Income taxes (paid)/collected		(89,896)	(3,140)
Utilization of provisions for risks and charges and for employee benefits	19-20	(34,318)	(34,034)
NET CASH FLOWS FROM OPERATING ACTIVITIES		(882,137)	(335,071)
- of which related parties		(39,973)	(73,855)
Investments in:			
- intangible assets	5	(22,723)	(23,783)
- property, plant and equipment	7	(85,719)	(136,344)
- equity investments	8	(167)	(2,286)
- cash out for business combinations, net of cash acquired			3,587
Disposals of:			
- intangible assets	5	20	82
- property, plant and equipment	7	843	724
- equity investments	8		103
- change in other current financial receivables		(31,930)	16,637
Change in non-current financial receivables:			
- disbursements		(39,257)	
- repayments		571	688
CASH FLOWS FROM INVESTING ACTIVITIES		(178,362)	(140,592)
Change in non-current loans:			
- disbursements		498.397	850
- repayments		(26,718)	(881)
Change in current bank loans and credit facilities			
- disbursements		1,916,095	934,341
- repayments		(1,769,451)	(983,438)
Change in current bonds/commercial papers			
- disbursements		276,700	316,100
- repayments		(341,400)	(263,600)
Repayment of financial liabilities for leasing		(12,101)	(10,436)
Change in other current financial liabilities		(12,366)	625
Change in receivables for trading financial instruments			
Change in payables for trading financial instruments			
Acquisition of non-controlling interests in subsidiaries			(81)
Net capital contributions by non-controlling interests			
Purchase of own shares		(1,143)	
CASH FLOWS FROM FINANCING ACTIVITIES		528,013	(6,520)
- of which related parties		181,425	94,384
NET CASH FLOWS FOR THE PERIOD		(532,486)	(482,183)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,236,180	1,274,642
Effect of exchange rate changes on cash and cash equivalents		4,675	6,994
CASH AND CASH EQUIVALENTS AT END OF PERIOD		708,369	799,453

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 1 - Form, contents and other general information

The Parent Company

FINCANTIERI S.p.A. (hereinafter "Fincantieri" or the "Company" or the "Parent Company" and, together with its subsidiaries, the "Group" or the "Fincantieri Group") is a public limited company with its registered offices in via Genova no. 1, Trieste (Italy), and is listed on Euronext Milan, organized and managed by Borsa Italiana S.p.A.. As at 30 June 2022, 71.32% of the Company's Share Capital of euro 862,980,725.70 is held by CDP Industria S.p.A.; the remainder of Share Capital was distributed between a number of private investors (none of whom held significant interests of 3% or above) and own shares (of around 0.295% of shares representing the Parent Company's Share Capital). It should be noted that 100% of the Share Capital of CDP Industria S.p.A. is owned by Cassa Depositi e Prestiti S.p.A. (hereinafter also referred to as "CDP"), 82.77% of whose Share Capital is in turn owned by Italy's Ministry of Economy and Finance.
Furthermore, CDP, with registered offices in via Goito 4, Rome, prepares the Consolidated Financial Statements of the group to which the Company belongs and which are available on the website www.cdp.it in the "CDP Group" section.

IFRS Condensed Consolidated Interim Financial Statements

The Consolidated Financial Statements of the Fincantieri Group have been prepared in compliance with IFRS, meaning all the International Financial Reporting Standards, all the International Accounting Standards ("IAS"), and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") previously known as the Standing Interpretations Committee ("SIC"), which, as at the reporting date of the Consolidated Financial Statements, had been endorsed by the European Union in accordance with the procedure laid down in Regulation (EC) no. 1606/2002 of the European Parliament and European Council dated 19 July 2002.
The Condensed Consolidated Interim Financial Statements at 30 June 2022 were approved by the Company's Board of Directors on 26 July 2022.
Deloitte & Touche S.p.A., the firm appointed to perform the statutory audit of the separate financial statements of the Parent Company and of the main subsidiaries of the Group, has performed a limited review of the Condensed Consolidated Interim Financial Statements.
The Condensed Consolidated Interim Financial Statements have been prepared on a going concern basis, since the Directors have verified that there are no financial, operating or other types of indicators that might highlight significant uncertainties in the Group's ability to meet its obligations in the foreseeable future and particularly within the next 12 months.

Basis of preparation

The Half-Year Financial Report of the Fincantieri Group as at 30 June 2022 has been prepared in accordance with the provisions of art. 154-*ter* par. 2 of Legislative Decree no. 58/98 (known as the "Consolidated Law on Finance") and subsequent amendments and additions.
The Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 - Interim Financial Reporting. IAS 34 allows the preparation of financial statements in a "condensed" format, in which the minimum level of disclosure is less than that required by the IFRSs, as long as the reporting entity has previously published a complete set of financial statements prepared in accordance with IFRS. Since the contents of the Condensed Consolidated Interim Financial Statements are presented in a condensed format, they must be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2021, prepared in accordance with IFRS (the "Consolidated Financial Statements").

Financial risk management

With regard to the main financial risks to which the Group is exposed - credit risk, liquidity risk and market risk (in particular currency, interest rate and commodity price risk) - the management of these financial risks is the responsibility of the Parent Company which decides, in close collaboration with its operating units, whether and how to hedge these risks.
The Fincantieri Group's receivables mainly comprise amounts owed by private shipowners for shipbuilding projects, by the Italian government both for grants receivable and for supplies to the country's military services, by the US Navy and US Coast Guard and by the Qatari Armed Forced Navy, for shipbuilding contracts.
The Fincantieri Group carries out checks on the financial soundness of its customers, including through information obtained from the main credit risk assessment agencies, and constantly monitors counterparty risk, also during the construction phase of orders, reporting any critical cases to top management and assessing the action to be taken depending on the specific case. The Group also maintains a constant dialogue with its customers, undertaking initiatives to support them where deemed essential for the maintenance or growth of the order book; for example, following the COVID-19 pandemic, the Group showed its willingness to redefine the delivery plans for cruise ships and to grant payment extensions for some commercial instalments, in order to allow both parties to deal with and successfully manage the pandemic crisis. It should be borne in mind, that commercial contracts relating to cruise units are only effective when the customer signs a committed bank financing contract, which is usually 80% of the contractual price; in almost all cases, the loan is guaranteed by a national Export Credit Agency (SACE for Italy, Giek for Norway) and reduces the risk that the customer does not fulfil its payment obligations.
With reference to the credit risk, it should also be noted that during the execution of the contract, the Group keeps the ship at its shipyards and the contracts provide for the possibility for Fincantieri, in the event of default by the shipowner, to retain the ship and the advances received. The ship under construction represents in fact a guarantee until the delivery date when payment is made, which is, moreover, often guaranteed, as mentioned, by export credit agencies.
The provision for onerous contracts is set aside when the contract is acquired or when the costs expected to be incurred are updated and it becomes apparent that the costs necessary to complete the contract exceed the contractual revenues of the contract. The provision for onerous contracts recognized is deducted from the contracts to which it relates up to the amount of the contracts and included in the provisions for risks if the net amount is negative.
Liquidity risk is associated with the Group's inability to repay its current financial and commercial liabilities or to meet unforeseen cash requirements, related to lower or higher than expected cash receipts or disbursements.
With regard to liquidity risk, it should be highlighted that at 30 June 2022, the Net financial position monitored by the Group whose configuration, as fully explained in the report on operation, was aligned with that required by ESMA, reports a net debt of euro 3,296 million (net debt of euro 2,238 million at 31 December 2021). The increase in debt during the half-year, in line with expectations, was mainly due to the typical dynamics of working capital related to the cruise business, which foresees five deliveries in the second half of the year (the first of which will be in July), and investments during the period. It should also be noted that as at 30 June 2022, the Group had outstanding trade extensions of about euro 317 million, granted to its customers, following the outbreak of the COVID-19 pandemic, in order to safeguard the large order backlog acquired and to strengthen relations with shipowners. Of these amounts, euro 251 million were repaid, as per the commercial agreement with the customer, on 1 July 2022. It should also be noted that, at the same date, the Group had granted loans to some shipowners in the amount of approximately euro 351 million. The Group has a solid financial situation with sufficient liquidity and credit facilities that are adequately diversified in terms of duration, counterparty and technical form to meet its current financial requirements and their foreseeable evolution in the medium term. In relation to other forms of financing, at 30 June 2022 the Group had euro 1.8 billion of unused financial capacity, including euro 0.7 billion of cash and cash equivalents and euro 1.1 billion of unused credit facilities.
With reference to Payables to suppliers for reverse factoring, these refer to agreements aimed at guaranteeing easier access to credit for suppliers and are based on contractual structures in which the supplier has the discretionary option to sell receivables due from the Group to a finance company and receive the amount owed

before the due date. In addition, the supplier also has the option to agree with the Group to extend the due date beyond that shown in the invoice. The additional extensions granted may be either onerous or non-onerous in nature and may fall within a range of 0 to 240 additional days. At 30 June 2022, payables to suppliers for reverse factoring amount to euro 659 million and represent the value of invoices assigned by suppliers and formally recognized as liquid and collectable by the Group and in deferment. The liquidity risk associated with reverse factoring is considered to be low in view of: i) the contractual agreements, which provide that if one or more agreements are terminated, they must, by formal agreement between the parties, continue to operate for the existing contracts. Therefore, in addition to not being able to request immediate payment of the deferred amounts, the institutions will also have to keep the existing contractual relationships with the suppliers in force until natural expiry; ii) the diversification achieved with the involvement of 11 different operators and with a concentration in each one not exceeding 30% of the total value of exposure at the same date.

As regards market risks, it should be noted that the Group's production costs are affected by movements in the price of the principal raw materials used, such as steel, copper and fuel. The Parent Company monitors these risks and mitigates them using appropriate contractual arrangements and/or hedges where possible and deemed appropriated. In this regard, it should be noted that in the first half of 2022, price dynamics showed an upward trend, as explained below.

For further information on the risks described above and methods for managing them, reference should be made to the information contained in the report on operations and to the Consolidated Financial Statements at 31 December 2021.

The following table shows the financial assets and liabilities that are measured at fair value at 30 June 2022 and 31 December 2021 according to their level in the fair value hierarchy:

(euro/thousand)

	30.06.2022			31.12.2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Financial assets at fair value through profit and loss						
Equity instruments			10,894			4,397
Debt instruments			11,000			11,000
Financial assets at fair value through comprehensive income						
Equity instruments	982		20,793	1,487		20,789
Debt instruments						
Hedging derivatives		71,863			21,240	
Trading derivatives						
Total assets	**982**	**71,863**	**42,687**	**1,487**	**21,240**	**36,186**
Liabilities						
Financial liabilities at fair value through profit and loss			38,600			36,509
Hedging derivatives		47,450			22,585	
Trading derivatives						
Total liabilities		**47,450**	**38,600**		**22,585**	**36,509**

Financial assets and liabilities measured at fair value are classified in the three hierarchical levels given above, in order of the priority attributed to the inputs used to determine fair value. In particular:

- Level 1: financial assets and financial liabilities whose fair value is determined using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: financial assets and financial liabilities whose fair value is determined using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (primarily: market exchange rates at the reporting date, expected rate differentials between the currencies concerned and volatility of the relevant markets, interest rates and commodity prices);
- Level 3: financial assets and financial liabilities whose fair value is determined using inputs not based on observable market data.

Financial assets at fair value through comprehensive income classified as Level 3 relate to equity investments carried at fair value. Level 3 also includes the financial liabilities relating to the fair value of options on equity investments calculated using valuation techniques whose inputs are not observable on the market. The item includes the option held by minority shareholders of the American group FMG, for euro 25,224 thousand, the increase in which since 31 December 2021 is due to the negative effect of translating the balance expressed in foreign currency, the option held by minority shareholders of the Fincantieri NexTech group for euro 8,734 thousand, the option held by minority shareholders of the IDS Group for euro 2,127 thousand, the option held by minority shareholders of the subsidiary Team Turbo Machines for euro 1,400 thousand, and the option held by minority shareholders of the FINSO Group for euro 1,115 thousand. .

Presentation of financial statements

There are no changes in the way that the financial statements are presented with respect to the Consolidated Financial Statements as at 31 December 2021. For the statement of financial position, the Group uses a "non-current/current" distinction, for the statement of comprehensive income it uses a classification that is based on the nature of expenses, and for the statement of cash flows the indirect method is used. It is also noted that the Group has applied Consob Resolution no. 15519 of 27 July 2006 concerning financial statement formats.

Note 2 - Scope and basis of consolidation

As previously stated, the accounting standards and basis of consolidation adopted for the preparation of the Condensed Consolidated Interim Financial Statements are in line with those used to prepare the Consolidated Financial Statements, except as reported in Note 3.
During the first half of 2022 the following companies included in the scope of consolidation were incorporated, which therefore did not affect the consolidated financial statements:

- Fincantieri Marine Repair LLC (FMR) and Fincantieri Marine Systems LLC (FMS) were established by the subsidiary Fincantieri Marine Systems North America Inc. as part of a restructuring process aimed at increasing its corporate efficiency. The two companies, based in Wilmington (USA), became operational in May. Fincantieri Marine Repair LLC (FMR) is in charge of managing the ship repairs yard in Jacksonville, Florida, while Fincantieri Marine Systems LLC (FMS) is in charge of sales and service related to mechanical production;
- on 17 February 2022 FINCANTIERI S.p.A. and Fincantieri SI S.p.A. jointly intervened in the incorporation of the joint venture 4B3 S.c.a.r.l. in which they hold an interest of 2.5% and 52.50% respectively. The consortium company with limited liability, based in Trieste, is still inactive as at 30 June 2022, however it will be in charge of the complete unitary execution of the BOP3 "Works Contract for Balance of Plant Group 3: Installation", at the ITER complex in Saint-Paul-Lez-Durance (France);
- on 30 March 2022, Fincantieri SI S.p.A. incorporated the subsidiary Fincantieri SI Impianti S.c.a.r.l., in which it holds 60% of the Share Capital. The company, based in Milan, was established to expand Fincantieri SI S.p.A.'s offering in the field of plant engineering and industrial automation;
- on 28 April 2022, Fincantieri S.p.A. established the limited liability consortium company named 4TB13 S.c.a.r.l., in which it holds 55% of the Share Capital. The company, based in Trieste, is still inactive as at 30 June 2022, however it will be responsible for the execution of the contract "supply of non-pic equipment and installation of non-pic and pic equipment of hvac system of ITER TB13 project" at the ITER complex in Saint-Paul Lez Durez (France);
- on 9 April 2022, Fincantieri Infrastructure Opere Marittime S.p.A. established the limited liability consortium company named Darsena Europa S.c.a.r.l., in which it holds 26% of the Share Capital. The company, based in Rome and inactive as at 30 June 2022, will be in charge of the execution of the works foreseen in the new first phase of implementation of the Europa Platform of the port of Livorno.

The following transactions aimed at reorganizing the Group's shareholding structure should also be noted:

- on 16 December 2021, the subsidiary Seastema S.p.A., a wholly-owned subsidiary of Fincantieri NexTech S.p.A., was merged by incorporation into its parent company. As the statutory, accounting and tax effects of the merger take effect on 1 January 2022, it therefore results that Seastema S.p.A. left the scope of consolidation on that date;
- on 31 December 2021, Vard Electro Braila S.r.l., a wholly-owned subsidiary of Vard Electro AS, was merged into Vard Electro Tulcea S.r.l. (now Vard Electro Romania S.r.l.), with subsequent transfer of all assets and liabilities of Vard Electro Braila S.r.l.. Although the statutory, accounting and tax effects of the merger took effect on 31 December 2021, Vard Electro Braila S.r.l. was liquidated in 2022, so it results that it left the scope of consolidation on that date;
- on 17 February 2022, with a deed of merger signed on 26 April 2022, the subsidiary S.E.C. S.r.l. Sécurité Des Environments Complexes was merged by incorporation into the company Fincantieri NexTech S.p.A., with accounting and tax effects from 1 January 2022 and statutory effects from 1 May 2022;
- on 29 April 2022, the date of cancellation at the Companies Registry, the dissolution of the wholly-owned subsidiary Fincantieri Infrastructure Wisconsin, Inc. held 100% by Fincantieri Infrastructure USA, Inc. became effective;
- on 16 June 2022, the subsidiary Vard Shipholding Pte Ltd acquired 15.54% of the company Norwind Shipholding AS. Based in Ålesund, Norway, the company's purpose is the ownership and management of inspection activities.

With regard to movements in shareholdings consolidated using the equity method, the following transactions are reported:

- on 10 March 2022, the sale took place, following financial restructuring, of the investments in the associates MOKSTER SUPPLY AS, MOKSTER SUPPLY KS, DOF ICEMAN AS, which were written down in 2021 by the parent company VARD GROUP AS. As a result, these companies were removed from the scope of consolidation.

There were no significant transactions or unusual events in the first half of 2022. It is also noted that the Group's business is not subject to seasonal trends.

Translation of the financial statements of foreign operations

The exchange rates used to translate the financial statements of Group companies with a "functional currency" other than the Euro are as follows:

	30.06.2022		31.12.2021		30.06.2021	
	Average rate	Closing rate	Average rate	Closing rate	Average rate	Closing rate
US Dollar (USD)	1.0934	1.0387	1.1827	1.1326	1.2053	1.1884
Australian Dollar (AUD)	1.5084	1.5099	1.5749	1.5615	1.5626	1.5853
UAE Dirham (AED)	4.0155	3.8146	4.3436	4.1595	4.4266	4.3644
Canadian Dollar (CAD)	1.3820	1.3425	1.4826	1.4393	1.5030	1.4722
Brazilian Real (BRL)	5.4105	5.4229	6.3779	6.3101	6.4902	5.9050
Norwegian Krone (NOK)	9.9768	10.3485	10.1633	9.9888	10.1759	10.1717
Indian Rupee (INR)	83.1276	82.1130	87.4392	84.2292	88.4126	88.3240
New Romanian Leu (RON)	4.9458	4.9464	4.9215	4.9490	4.9016	4.9280
Chinese Yuan (CNY)	7.0595	6.9624	7.6282	7.1947	7.7960	7.6742
Swedish Krona (SEK)	10.5043	10.7300	10.1465	10.2503	10.1308	10.1110

Note 3 - Accounting standards

It should be noted that the recording and measurement criteria adopted in preparing the Half-Year Financial Report at 30 June 2022 are the same as those adopted in preparing the Consolidated Financial Statements at 31 December 2021, to which reference is made, except for those listed under the accounting standards, amendments and interpretations applicable with effect from 1 January 2022, since they have become compulsory following completion of the relevant endorsement procedures by the competent authorities. The list excludes those accounting standards, amendments and interpretations concerning matters not applicable to the Group.

Accounting standards, amendments and interpretations applicable to financial years ended 30 June 2022

A brief description of the accounting standards, amendments and interpretations applicable to financial statements as at and for the year ended 30 June 2022 is provided below. The list excludes those standards, amendments and interpretations concerning matters not applicable to the Group.

Accounting standards, amendments and interpretations applicable with effect from 1 January 2022

On 14 May 2020, the IASB published the following amendments:

- Amendments to IFRS 3 Business Combinations. The amendments are intended to update the reference in IFRS 3 to the Conceptual Framework in its revised version, without resulting in any changes to the requirements of IFRS 3;
- Amendments to IAS 16 Property, Plant and Equipment. The purpose of the amendments is not to allow the amount received from the sale of goods produced in the test phase of the asset to be deducted from the cost of property, plant and equipment. These sales revenues and related costs will therefore be recognized in the income statement;
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The amendment clarifies that all costs directly attributable to the contract must be taken into account when estimating whether a contract is onerous;
- Annual Improvements 2018-2020: amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and to the Illustrative Examples of IFRS 16 Leases.

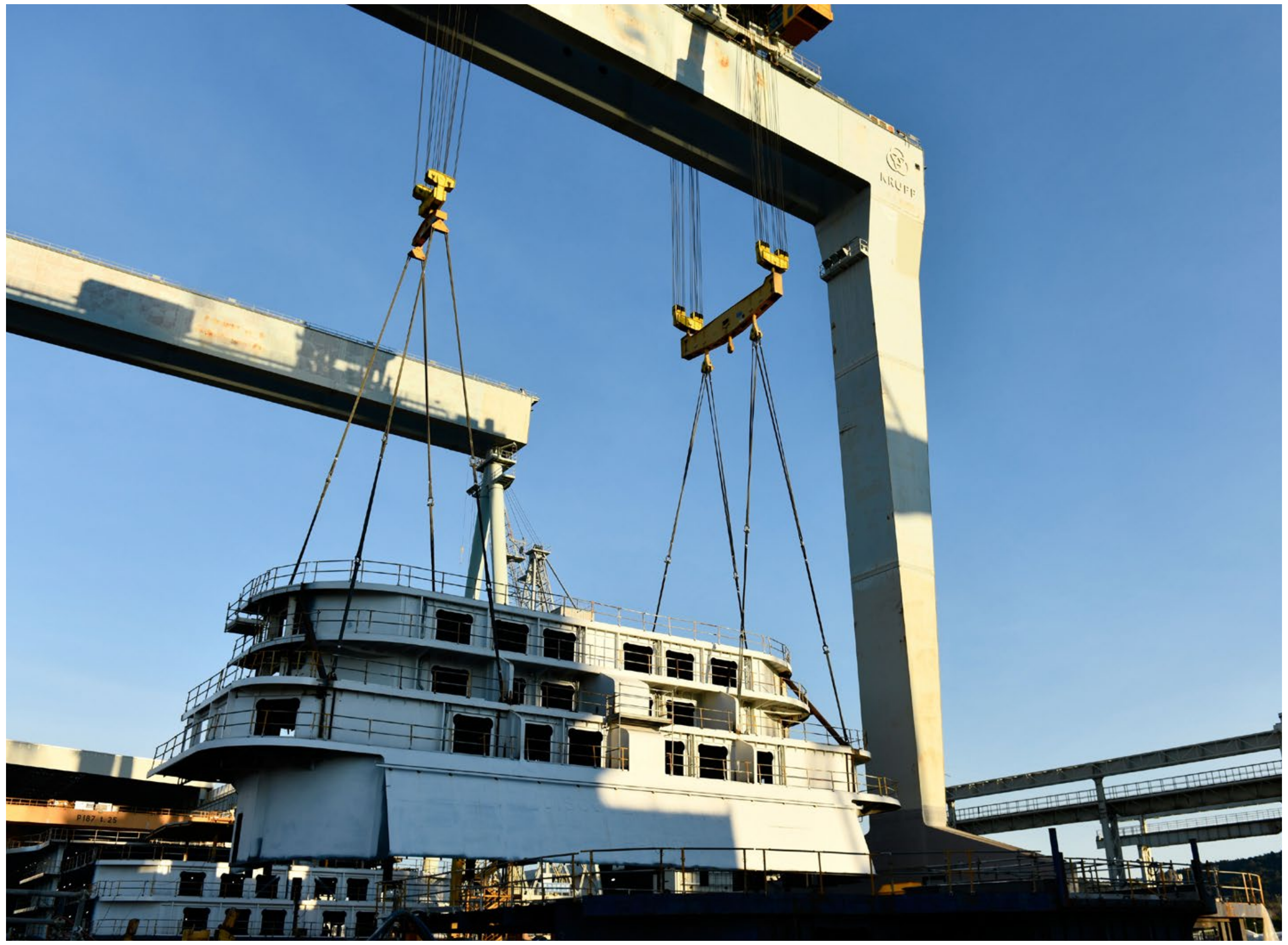
The amendments entered into force on 1 January 2022. The adoption of these amendments has had no significant impact on the Condensed Consolidated Interim Financial Statements.

Accounting standards, amendments and interpretations not yet adopted but for which early application is permitted

On 12 February 2021, the IASB published two amendments entitled "Disclosure of Accounting Policies-Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates-Amendments to IAS 8". The changes are intended to improve the disclosure of accounting policies so as to provide more useful information to investors and other primary users of financial statements as well as to help companies distinguish changes in accounting estimates from changes in accounting policies. The changes will apply from 1 January 2023, but earlier application is permitted.
All the amendments will enter into force on 1 January 2023 but early adoption is permitted; however, the Group has not taken up this option. To date, no significant impact is expected from the application of these amendments.

Accounting standards, amendments and IFRS interpretations not yet approved by the European Union

At the date of this document, the relevant bodies of the European Union have not yet concluded the ratification process necessary for the adoption of the amendments and standards described below.
On 23 January 2020, the IASB published an amendment to IAS 1 Presentation of Financial Statements: "Classification of Liabilities as Current or Non-current". The document aims to clarify how to classify debts and other short-term or long-term liabilities. The amendments will enter into force on 1 January 2023.
On 7 May 2021, the IASB published an amendments to IAS 12 Income Taxes: "Deferred Tax related to Assets and Liabilities arising from a Single Transaction." The aim of the document is to clarify the accounting for deferred tax on certain transactions such as leases and decommissioning obligations. The amendments will enter into force on 1 January 2023.
Any impact of these new standards, amendments and interpretations is not material to the Group's Condensed Consolidated Interim Financial Statements.



Note 4 - Critical accounting estimates and assumptions

A full description of the use of accounting estimates can be found in the Consolidated Financial Statements at 31 December 2021 (Note 3, section 19 - Subjective accounting estimates and judgements).

Impacts of the Russian-Ukrainian conflict

The ongoing war conflict since early 2022 between Russia and Ukraine is generating significant effects on a global scale, not only from a geo-political perspective, with rising international tensions, but also humanitarian, social and economic.
In the latter respect, the consequences of the conflict led to a general increase in market volatility, exacerbated by the effects of the sanctions imposed on Russia by the international community, with significant repercussions on the value chain of the world economy.
In particular, the current economic environment is characterised by a general increase in prices of raw materials and energy, which has already started as the effects of the pandemic have subsided. This is due to the reduced availability of certain raw materials whose production is more concentrated in the areas affected by the conflict, as well as the suspension of energy supplies from Russia (on which many European countries are heavily dependent), either by Russia's choice in response to the sanctions imposed, or by the sovereign states' decision to break off client relationships and order backlog with the country.
The generalised rise in prices triggered a rise in inflation, which reached record levels compared to the average of recent decades, and a consequent increase in interest rates, as a response of the markets and central banks.
Finally, the current crisis situation has led to an increase in the cyber-security risk, with a significant increase in cyber attacks, even against corporate entities, with the aim of compromising information systems, resulting in the loss of sensitive data or disruption of supplier and client relationships and order backlog.
As explained in the 2021 annual financial statements, the Group has no current activities or investments in Russia and Ukraine, nor financing relationships with companies or financial institutions operating in these countries. In addition, the Group has no employees based in these areas.
The Group had, at the start of the conflict, limited business relations with Russian customers on specific niches of services and products. In the first months of the year, these contracts developed business volumes of insignificant amounts (about 0.3% of total revenue and income). Receivables at the date from Russian customers were also of a limited amount, partly as a result of impairment included in the half-year results (amounting to about euro 1 million). Activities relating to these contracts have been suspended and the Group continuously monitors the application of the international sanctions regime.
With regard to the effects of price increases, the Group continues to implement hedging policies on the purchase of copper, gas and energy, as well as marine fuel. In addition, the Group is constantly implementing the risk mitigation plan, already initiated close to the start of the conflict, related to the supply of strategic materials such as steel, partly from Ukraine. The plan includes strategies to diversify suppliers, including by scouting for new international partners. It should be noted that the whole-life cost estimates of the projects in the portfolio have been updated to reflect current expected price levels of raw materials.
With reference to the effects of inflation and the correlated increase in interest rates, it should be noted that during the first half of 2022, the Group finalised new long-term loans in the amount of about euro 0.5 billion, bringing total medium/long-term loans to euro 2.4 billion (net of the repayments of existing loans in the amount of euro 0.2 billion). The rise in interest rates in recent months only marginally affected the cost of new loans thanks to the pre-hedging strategy pursued by the Group through the trading of interest rate swaps. More than 80 per cent of the medium- to long-term loans currently in place benefit from a fixed interest rate.
With regard to cyber risk, from the earliest stages of the conflict, the Group has intensified its already high level of supervision in terms of monitoring and communication with the main national and international authorities, as well as promoting awareness of this risk among its employees.

On the basis of the above, and net of unexpected or currently unforeseeable developments or events, no further significant impact on the Group's activities is expected in relation to the effects of the conflict.

Impacts of COVID-19

With regard to the evolution of the epidemic, it should be noted that in the first months of the year, the outbreak of the Omicron variant had slowed down the return to operation of the global fleet of cruise ships, worsening the financial situation of some shipowners. Starting in the second quarter, the downturn in the contagion curve made it possible to ease some of the containment measures, including at the Group's sites, while guaranteeing appropriate safety protocols.
During the half year, Fincantieri continued its efforts initiated during 2020 and 2021 to contain the spread of COVID-19. The updating of the protocols and measures has been the subject of constant sharing with the Employers of the various sites and of all Italian and foreign subsidiaries, in order to enable uniform application of good practices to contain the pandemic phenomenon in line with the orders issued by the competent authorities. The timely implementation of safety measures and actions to combat the spread of the virus have made it possible to significantly limit the number of cases of infection among all resources employed at the Group's Italian sites.
It should be noted that in recent weeks, the epidemic upsurge has focused attention on the availability of resources at the Group's sites to handle the order backlog expected in the coming months.
With regard to the cruise business, the entire global fleet is expected to be back in service by the second half of 2022, in line with the resumption of operations already started during 2021.
The Group expects to maintain full production capacity in the second half of 2022, in the absence of possible developments related to the spread of the COVID-19 virus with unforeseeable consequences as of today, as illustrated in the Report on Operations.
In the preparation of the Condensed Consolidated Interim Financial Statements 2022 the possible impacts of COVID-19 were taken into account when assessing the recoverability of receivables and Contract assets.
It should be noted that the Group's financial capacity at 30 June 2022 makes it possible for the Group to support the financial requirements expected over the next 12 months. The estimates have also been prepared considering the agreements defined to date with the shipowners as a result of the COVID-19 pandemic. To this regard, it should be noted that as at 30 June 2022, the Group had outstanding trade extensions of about euro 317 million, granted to its customers, following the outbreak of the COVID-19 pandemic, in order to safeguard the large order backlog acquired and to strengthen relations with shipowners. Of these amounts, euro 251 million were repaid, as per the commercial agreement with the customer, on 1 July 2022.
No other assets or areas of the financial statements have been identified that are significantly impacted at 30 June 2022 by the effects of COVID-19.

Note 5 - Intangible assets

Movements in this line item are as follows:

(euro/thousand)

	Goodwill	Client Relationships and Order Backlog	Development costs	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Contractual costs	Other intangibles	Intangibles in progress and advances	Total
- cost	272,950	258,895	213,662	184,504	49,096	88,882	20,399	108,582	1,196,970
- accumulated amortization and impairment losses	(567)	(111,799)	(156,932)	(145,732)	(23,742)	(53,598)	(16,607)		(508,977)
Net carrying amount at 01.01.2022	272,383	147,096	56,730	38,772	25,354	35,284	3,792	108,582	687,993
Movements in 2022									
- additions			780	819	139		440	20,545	22,723
- net disposals			(1)	(17)					(18)
- reclassifications/ other		(1)	9,744	3,430	(2,141)		2	(11,178)	(144)
- amortization		(7,922)	(12,890)	(9,558)	(1,158)	(7,690)	(945)		(40,163)
- impairment losses	(84,105)		(3,614)					(19,247)	(106,966)
- exchange rate differences	1,492	(1,808)	(93)	(68)	1,553		(40)	585	1,621
Closing net carrying amount	189,770	137,365	50,656	33,378	23,747	27,594	3,249	99,287	565,046
- cost	272,913	255,886	224,100	190,424	47,311	88,882	21,147	118,534	1,219,197
- accumulated amortization and impairment losses	(83,143)	(118,521)	(173,444)	(157,046)	(23,564)	(61,288)	(17,898)	(19,247)	(654,151)
Net carrying amount at 30.06.2022	189,770	137,365	50,656	33,378	23,747	27,594	3,249	99,287	565,046

"Concessions, licenses, trademarks and similar rights" include euro 17,811 thousand for trademarks with indefinite useful lives, reflecting the expectation for their use and deriving from the acquisition of the American shipyards (namely Marinette and Bay Shipbuilding).

Capital expenditure in the first half of 2022, amounting to euro 22,723 thousand (euro 23,782 thousand at 30 June 2021), mainly related to:

- the development of information systems to support the Group's growing activities and optimise process management, with particular reference to the upgrading of management systems and the introduction of these systems in the main subsidiaries;
- ongoing work to implement an integrated system for ship design (CAD) and for project lifecycle management (PLM), aimed at improving the efficiency and effectiveness of the engineering process;
- continuation of digitalization aimed at (i) strengthening the introduction of Industry 4.0 principles into shipbuilding (e.g. artificial intelligence, automation, IoT, virtual reality) and (ii) use Robotic Process Automation tools and advanced analysis/reporting systems.

Impairment losses for the period refer for euro 23 million to development costs, of which euro 19 million capitalised under intangible assets in progress, for which the recoverability failed to materialise due to the failure to realise commercial opportunities that supported their capitalisation, and to the recognition of impairment losses on goodwill for euro 84 million.

Goodwill, net of impairment made during the half-year (amounting to euro 84,105 thousand), amounted to euro 189,770 thousand as at 30 June 2022.

The current situation of uncertainty in the financial markets, fuelled in particular by the Russian-Ukrainian conflict, has led to a significant rise in inflation and interest rates. This circumstance was considered an indicator of impairment, so the tests performed in the financial statements as at 31 December 2021 were updated to 30 June 2022.

For the purpose of the impairment test, the Group used the cash flow projections prepared for the 2021 Annual Report by the management of the subsidiaries. With reference to the Vard Cruise CGU, it should be noted that the cash flows were updated to reflect the trend of order intake in the period.

For further details on the method used by the Group to estimate the recoverable amount of goodwill, reference should be made to the 2021 Annual Report.

The following table specifies for each CGU the criteria for determining the recoverable amount and the discount rates used, as well as the growth rates.

CGU	Value Goodwill 31.12.2021	Value Goodwill 30.06.2022	Recognition currency	Recoverable amount	WACC post-tax	g rate	Cash flow period
FMG Group	70,205	57,199	USD	Value in use	7.6%	2.6%	4.5 years
VARD Offshore and Specialized Vessels	59,558	57,616	NOK	Value in use	7.3%	1.8%	4.5 years
VARD Cruise	65,601	-	NOK	Value in use	7.0%	2.1%	4.5 years
VARD Systems and Components	59,374	57,310	NOK	Value in use	8.5%	2.1%	4.5 years
Fincantieri NexTech Group	11,467	11,467	EUR	Value in use	9.0%	2.6%	4.5 years
Accommodation	6,178	6,178	EUR	Value in use	9.6%	2.6%	4.5 years

FMG Group CGU

Following the test, a goodwill impairment of USD 20 million (about euro 18 million) was recognised during the half-year in the income statement for the CGU under review, and was attributable to the effect of the discount rate rising, a variable that significantly affects the terminal value impact for impairment testing purposes.
The results obtained have been subjected to sensitivity analysis for those assumptions, changes in which might reasonably cause the test results to change materially. This test showed that an increase in the WACC or a reduction in the growth rate (g rate) or a reduction of the EBITDA margin used for the calculation of the terminal value by 100 basis points would result the cancellation of the residual value of goodwill.

VARD Offshore and Specialized Vessels CGU

The impairment test has shown that the CGU's recoverable amount exceeds its carrying amount, meaning that no impairment loss needs to be recognized, although considering the rise in rates.
The results obtained have been subjected to sensitivity analysis for those assumptions, changes in which might reasonably cause the test results to change materially. This has shown that if WACC were to increase or if growth rates (g rate) or EBITDA margins used in the terminal value calculation were to decrease by 100 basis points, the recoverable amounts would still be higher than the carrying amounts.

VARD Cruise CGU

The recoverable amount was lower than the book value of the CGU, and an impairment loss was recognised in the income statement equal to the entire value of goodwill (about euro 66 million).

VARD Systems and Components CGU

The impairment test has shown that the CGU's recoverable amount exceeds its carrying amount, meaning that no impairment loss needs to be recognized, although considering the rise in rates.
The results obtained have been subjected to sensitivity analysis for those assumptions, changes in which might reasonably cause the test results to change materially. This has shown that if WACC were to increase or if growth rates (g rate) or EBITDA margins used in the terminal value calculation were to decrease by 100 basis points, the recoverable amounts would still be higher than the carrying amounts.

Fincantieri NexTech Group CGU

The impairment test has shown that the CGU's recoverable amount exceeds its carrying amount, meaning that no impairment loss needs to be recognized, although considering the rise in rates.
The results obtained have been subjected to sensitivity analysis for those assumptions, changes in which might reasonably cause the test results to change materially. This has shown that if WACC were to increase or if growth rates (g rate) or EBITDA margins used in the terminal value calculation were to decrease by 100 basis points, the recoverable amounts would still be higher than the carrying amounts.

Accommodation CGU

The impairment test has shown that the CGU's recoverable amount exceeds its carrying amount, meaning that no impairment loss needs to be recognized, although considering the rise in rates.
The results obtained have been subjected to sensitivity analysis for those assumptions, changes in which might reasonably cause the test results to change materially. This has shown that if WACC were to increase or if growth rates (g rate) or EBITDA margins used in the terminal value calculation were to decrease by 100 basis points, the recoverable amounts would still be higher than the carrying amounts.

Note 6 - Rights of use

Movements in this line item are as follows:

(euro/thousand)

	Buildings ROU	State concessions ROU	Transport and lifting vehicles ROU	Passenger cars ROU	Computer equipment ROU	Other ROU	Total
- cost	105,847	27,177	4,629	5,326	969	8,524	152,472
- accumulated amortization and impairment losses	(25,954)	(3,496)	(2,759)	(3,013)	(655)	(668)	(36,545)
Net carrying amount at 01.01.2022	**79,893**	**23,681**	**1,870**	**2,313**	**314**	**7,856**	**115,927**
Movements in 2022							
- increases	21,423	3,828	837	517		97	26,702
- decreases	(1,533)	(1,880)	(8)	(1)	(2)	(2)	(3,426)
- reclassifications/other	1	1	(1)	2	(4)	1	-
- amortization	(7,998)	(819)	(821)	(781)	(129)	(326)	(10,874)
- exchange rate differences	1,999	172	(3)	(13)	9	52	2,216
Closing net carrying amount	**93,785**	**24,983**	**1,874**	**2,037**	**188**	**7,678**	**130,545**
- cost	127,801	28,930	5,216	5,811	665	8,656	177,079
- accumulated amortization and impairment losses	(34,016)	(3,947)	(3,342)	(3,774)	(477)	(978)	(46,534)
Net carrying amount at 30.06.2022	**93,785**	**24,983**	**1,874**	**2,037**	**188**	**7,678**	**130,545**

Increases in the first half of 2022 amounted to euro 26,702 thousand (euro 27,111 thousand in the first half of 2021) and mainly related to contracts signed by Fincantieri Marine System North America and the Parent Company, while the decreases related to the early termination of contracts.
For the value of non-current and current financial liabilities deriving from the application of IFRS 16, reference should be made to notes 21 and 24.

Note 7 - Property, plant and equipment

Movements in this line item are as follows:

(euro/thousand)

	Land and buildings	Industrial plant, machinery and equipment	Assets under concession	Leasehold improvements	Other assets	Intangibles in progress and advances to suppliers	Total
- cost	849,656	1,587,478	221,929	30,475	284,698	251,972	3,226,208
- accumulated amortization and impairment losses	(306,546)	(1,068,657)	(150,216)	(23,360)	(159,215)		(1,707,994)
Net carrying amount at 01.01.2022	**543,110**	**518,821**	**71,713**	**7,115**	**125,483**	**251,972**	**1,518,214**
Movements in 2022							
- additions	7,616	10,712	148	99	1,080	66,064	85,719
- net disposals		(298)			(49)	(185)	(532)
- reclassifications/other	3,837	(4,651)	530	1,156	23,035	(23,127)	780
- amortization	(12,097)	(35,955)	(3,152)	(528)	(8,677)		(60,409)
- impairment losses	(20)						(20)
- exchange rate differences	16,304	6,793			(45)	12,261	35,313
Closing net carrying amount	**558,750**	**495,422**	**69,239**	**7,842**	**140,827**	**306,985**	**1,579,065**
- cost	876,687	1,583,313	222,607	31,765	328,968	306,985	3,350,325
- accumulated amortization and impairment losses	(317,937)	(1,087,891)	(153,368)	(23,923)	(188,141)		(1,771,260)
Net carrying amount at 30.06.2022	**558,750**	**495,422**	**69,239**	**7,842**	**140,827**	**306,985**	**1,579,065**

Capital expenditure in the first half of 2022 has resulted in additions of euro 85,719 thousand, mainly related to:

- the activities to improve operating areas and infrastructure in the Monfalcone and Marghera shipyards to enable a more efficient development of the considerable backlog acquired. The investment plan for both sites is being finalized and it is expected to be closed by the end of the year;
- the continuation, at the Riva Trigoso yard, of the significant investment plan aimed at increasing the plant's production capacity and making shipbuilding activities for naval projects more efficient;
- the important investment program in progress at the US Marinette Marine and Bay Shipbuilding yards, shared with the US Navy, to increase their efficiency in order to develop the order backlog resulting from the recently acquired FFG(X) program;
- the start of FMSNA's investment plan at the US yard in Jacksonville to equip the site with the facilities, plant and equipment needed to carry out maintenance activities for US Navy surface vessels;
- Isotta Fraschini Motori's investments as part of the IFuture project, a program launched in 2020 by the company with the aim of studying innovative solutions for the improvement and expansion of its product portfolio;
- upgrading and improvement of the safety and energy saving standards of machinery, equipment and buildings.

Other movements and reclassifications include the reduction of the item Fixed assets under construction and advances, which were in place at the end of the previous year and were reclassified to the respective items when the assets were ready for use.
The exchange rate differences mainly reflect movements in the period by the US dollar and the Norwegian krone against the Euro.

Note 8 - Investments accounted for using the equity method and other investments

These are analyzed as follows:

(euro/thousand)

	Associates	Joint ventures	Total investments accounted for using the equity method	Other companies carried at fair value in the statement of comprehensive income	Other companies carried at fair value through profit or loss	Total Other investments	Total
01.01.2022	70,927	25,165	96,092	22,269	4,397	26,666	122,758
Investments	48	3,558	3,606	61	6,218	6,279	9,885
Revaluations/ (Impairment losses) through profit or loss	(3,846)	(3,700)	(7,546)				(7,546)
Revaluations/ (Impairment losses) through equity				(700)		(700)	(700)
Disposals				145		145	145
Reclassifications/Other					2	2	2
Exchange rate differences	(2,185)		(2,185)		277	277	(1,908)
30.06.2022	**64,944**	**25,023**	**89,967**	**21,775**	**10,894**	**32,669**	**122,636**

Investments made during the first half of 2022 totalled euro 9,885 thousand. In particular:

- For jointly ventures, these mainly related to the recapitalisation by waiver of the receivable of Joint Venture Naviris S.p.A. for euro 3,500 thousand.
- Other investments measured at fair value through profit or loss related to the sale of a vessel previously recorded in finished products inventory against a minority interest in Norwind Offshore AS (for euro 6,218 thousand) and the granting of a loan to the same company (for euro 5,297 thousand).

The item Revaluations/ (Impairment losses) through profit or loss, negative for euro 7,546 thousand, refers to the pro-rata net result for the period of the companies valued using the equity method.
The item Revaluations/ (Impairment losses) through equity refers to the fair value measurement performed on the other non-controlling equity interests measured at fair value through a contra-entry in the statement of comprehensive income held in SFP Astaldi and Webuild shares.
The Other investments column includes investments carried at fair value, calculated either on the basis of the related prices if quoted in active markets (Level 1) or using valuation techniques whose inputs are not observable on the market (Level 3).

Note 9 - Non-current financial assets

These are analyzed as follows:

(euro/thousand)

	30.06.2022	31.12.2021
Receivables for loans to joint ventures	22,013	22,000
Derivative assets	29,150	5,939
Other non-current financial receivables	182,043	199,687
Non-current financial receivables from associates	22,452	28,625
NON-CURRENT FINANCIAL ASSETS	**255,658**	**256,251**

"Receivables for loans to joint ventures" relates to the shareholder loan made to the joint venture CSSC – Fincantieri Cruise Industry Development Ltd., due on 30 September 2023 and bearing a market rate of interest.
"Derivative assets" represent the fair value at the end of the reporting period of hedging derivatives with a maturity of more than 12 months (Level 2).
"Other non-current financial receivables" refer to loans to third parties and other related parties bearing market rates of interest. The change is mainly due to the non-current portion of loans granted to third parties during the period for euro 39 million, to the increase due to exchange rate differences recognised on receivables in foreign currency for euro 8 million, net of reclassification of the current component made in the item of Note 16 for euro 69 million. For more information on the counterparties, refer to Note 30 and the analysis of related party transactions.
"Non-current financial receivables from associates" relate to receivables for market rate loans disbursed to Group companies that are not consolidated on a line-by-line basis. The amount refers mainly to loans granted to associates of Vard Group AS (approximately euro 21 million). For more information on the counterparties, refer to Note 30 and the analysis of related party transactions.

Note 10 - Other non-current assets

Other non-current assets are analyzed as follows:

(euro/thousand)

	30.06.2022	31.12.2021
Other receivables from investee companies	733	678
Government grants receivable	35,221	33,740
Firm commitments	13,680	1,924
Other receivables	10,545	11,074
OTHER NON-CURRENT ASSETS	**60,179**	**47,416**

Other non-current assets are all stated net of the related provision for impairment.
Government grants receivable report the non-current portion of state aid granted by governments in the form of tax credits.
"Firm commitments" of euro 13,680 thousand (euro 1,924 thousand at 31 December 2021) reflect the fair value of the hedged item, represented by the construction contracts in currencies other than the functional currency and therefore subject to exchange rate risk, and it is the subject of fair value hedge used by the VARD group.
"Other receivables" of euro 10,545 thousand (euro 11,074 thousand at 31 December 2021) include the receivable from the Iraqi Ministry of Defence (euro 4,693 thousand). The remaining balance of euro 5,852 thousand consists of security deposits, advances and other minor items.
The following table presents the amount of and movements in the provision for impairment of other non-current receivables:

(euro/thousand)

	Provision for impairment of other receivables
01.01.2022	8,712
Increases/(Releases)	178
30.06.2022	**8,890**

Note 11 - Deferred income taxes

Movements in deferred tax assets are analyzed as follows:

(euro/thousand)

	Total
01.01.2022	109,181
Changes in 2022	
- through profit or loss	36,929
- through other comprehensive income	(8,911)
- tax rate and other changes	(8)
- exchange rate differences	4,011
30.06.2022	**141,202**

Deferred tax assets have been recognized on items for which the tax is likely to be recovered against forecast future taxable income of Group companies.
No deferred tax assets have been recognized on euro 272 million (euro 228 million at 31 December 2021) in carry forward losses of subsidiaries which are thought unlikely to be recovered against future taxable income.
Movements in deferred tax liabilities are analyzed as follows:

(euro/thousand)

	Total
01.01.2022	70,101
Changes in 2022	
- through profit or loss	81
- through other comprehensive income	(143)
- tax rate and other changes	(7)
- exchange rate differences	1,740
30.06.2022	**71,772**

Note 12 - Inventories and advances

These are analyzed as follows:

(euro/thousand)

	30.06.2022	31.12.2021
Raw materials and consumables	418,519	367,271
Work in progress and semi-finished goods	33,122	45,987
Finished products	19,017	25,597
Total inventories	**470,658**	**438,855**
Advances to suppliers	430,554	446,833
Total inventories and advances	**901,212**	**885,688**

Inventories and advances are stated net of relevant provisions for impairment.
The amount recorded for Raw materials and consumables basically represents the volume of stock considered sufficient to ensure the normal conduct of production activities.
The items Work in progress and semi-finished goods and Finished products include the manufacture of engines and spare parts. The change in the item compared to 31 December 2021 is mainly attributable to the sale of the two vessels previously recorded in the Finished Goods inventory and the Work in Progress inventory, respectively. In particular, one of the two naval vessels was sold in exchange for a minority interest in Norwind Offshore AS (for euro 6,218 thousand) and with the granting of a loan to the same purchasing company (for euro 5,297 thousand). More information can be found in Note 8.
The following table presents the amount of and movements in such provisions for impairment:

(euro/thousand)

	Provision for impairment - raw materials	Provision for impairment - work in progress and semi-finished goods	Provision for impairment - finished products
01.01.2022	**13,696**	**3,509**	**15,969**
Provisions	1,357		
Utilizations	(824)	(2,277)	(12,495)
Releases	(80)		
Exchange rate differences	31	94	745
30.06.2022	**14,180**	**1,326**	**4,219**

Note 13 - Contract assets and liabilities

"Contract assets" are analyzed as follows:

(euro/thousand)

	30.06.2022			31.12.2021		
	Construction contracts - gross	Invoices issued and provision for expected losses	Construction contracts - net assets	Construction contracts - gross	Invoices issued and provision for expected losses	Construction contracts - net assets
Shipbuilding contracts	9,271,685	(5,889,288)	3,382,397	8,056,426	(5,442,346)	2,614,080
Other contracts for third parties	630,290	(516,533)	113,757	372,933	(348,067)	24,866
Total	**9,901,975**	**(6,405,821)**	**3,496,154**	**8,429,359**	**(5,790,413)**	**2,638,946**

"Construction contracts - assets" report those contracts where the value of the contract's stage of completion exceeds the amount invoiced to the client. The stage of completion is determined as the costs incurred to date plus recognized margins less any impairment and expected advance losses.
The item reflects the negative effect (euro 61,985 thousand) attributable to the impairment of work in progress (in accordance with standard IFRS9) to show the updated assessment of the counterparty risk of a cruise shipowner, following the missed pick-up of a ship scheduled in July, which was deferred to the fourth quarter of 2022.
It should be noted that as at 30 June 2022, the Group had outstanding trade extensions of about euro 317 million granted to its customers. Of these amounts, euro 251 million were repaid, as per the commercial agreement with the customer, on 1 July 2022.
Contract liabilities are analyzed as follows:

(euro/thousand)

	30.06.2022			31.12.2021		
	Construction contracts - gross	Invoices issued	Construction contracts - net liabilities	Construction contracts - gross	Invoices issued	Construction contracts - net liabilities
Shipbuilding contracts	8,167,268	9,420,036	1,252,768	7,112,360	8,349,647	1,237,287
Other contracts for third parties				46,401		46,401
Advances from Customers		127,675	127,675		170,585	170,585
Total	**8,167,268**	**9,547,711**	**1,380,443**	**7,158,761**	**8,520,232**	**1,361,471**

"Construction contracts - liabilities" report those contracts where the value of the stage of completion of the contract is less than the amount invoiced to the client. The stage of completion is determined as the costs incurred compared to those expected for the completion of the contract.
During the first half of 2022, Contract liabilities at 31 December 2021 saw the development of production volumes and therefore of operating revenue amounting to euro 802 million.
"Client advances" refer to contracts on which work had not started at the year-end reporting date.
With reference to the performance obligations still to be met, please refer to the information provided in Note 25 on Revenue and income.

Note 14 - Trade receivables and other current assets

These are analyzed as follows:

(euro/thousand)

	30.06.2022	31.12.2021
Trade receivables	1,175,079	935,578
Receivables from controlling companies (tax consolidation)	3,540	2,339
Government grants receivable	28,000	26,617
Other receivables	162,480	172,083
Indirect tax receivables	57,143	63,892
Firm commitments	10,451	5,285
Accrued income	64,042	79,401
Prepayments	318	142
Total trade receivables and other current assets	**1,501,053**	**1,285,337**

The above receivables are shown net of provisions for the impairment of receivables. These provisions relate to receivables that are no longer considered fully recoverable, including those involving legal action and judicial and out-of-court proceedings in cases of debtor default, also taking into account the estimate of any expected losses. In particular, it should be noted that Fincantieri has receivables, which originally arose from Astaldi, whose value amounted to euro 26.4 million, subsequently reduced to euro 26.1 million following collections. When Astaldi entered into an arrangement with creditors, Fincantieri requested, and obtained in July 2020, admission to the Fondo Salva Opere (Save Works Fund), intended to satisfy, to a maximum extent of 70%, unsatisfied creditors. After the assignment by the procedure of shares and equity instruments in favour of Fincantieri as unsecured tcreditor for a value of euro 5.5 million, the company also collected from the Fund the first tranche of the admitted amount, equal to euro 6.4 million. Subsequently, the Ministry of Infrastructure and Transport requested the repayment of this tranche, on the assumption that Fincantieri's unsecured claim against Astaldi had been fully repaid with the assignment of the equity financial instruments and shares. An appeal against this request is currently pending before the ordinary courts, and on the basis of the opinion of the appointed lawyers, Fincantieri is confident that its reasons will be upheld, and it considers the impairment recognised in the financial statements of euro 7.7 million (equal to 30% of the original receivable) to be appropriate. The risk to which the Company is exposed in the event that its claims are not recognised is therefore euro 12.9 million.
A provision for interest charged on past due trade receivables has been recognized in a "Provision for past due interest".
The balance of Trade Receivables increased by euro 239,501 thousand mainly due to the invoicing of instalments for projects mainly related to the Parent Company and some foreign subsidiaries, which were being collected after the end of the period.
"Government grants receivable" of euro 28,000 thousand mainly include grants receivable by the Parent Company and the subsidiary Cetena for research and innovation and the receivables recognized by the FMGH group for operating and capital grants from the state of Wisconsin for the LCS project.
The balance of the item Other receivables, amounting to euro 162,480 thousand, is mainly composed of receivables for shipowner's supplies, insurance compensation, other receivables from suppliers, miscellaneous receivables from personnel, receivables for research grants, receivables from Social Security and Welfare Institutions, and other sundry receivables, mainly referable to the Parent Company.
"Indirect tax receivables" of euro 57,143 thousand (euro 63,892 thousand at 31 December 2021) mainly refer to claims for VAT refunds or set-off, to indirect foreign taxes and claims for customs duty refunds from the Italian Customs Authority.

"Firm commitments" reflect the fair value of the hedged item, represented by the construction contracts in currencies other than the functional currency and therefore subject to exchange rate risk, and it is the subject of fair value hedges used by the VARD group.
The amount of and movements in the overall provisions for impairment of current receivables are as follows:

(euro/thousand)

	Provision for impairment of trade receivables	Provision for past due interest	Provision for impairment of other receivables	Total
01.01.2022	**62.202**	**184**	**13.850**	**76.236**
Utilizations	(387)	(63)	(662)	(1.112)
Provisions	5.767		852	6.619
Releases	(3.562)			(3.562)
Exchange rate differences	9			9
30.06.2022	**64.029**	**121**	**14.040**	**78.190**

For considerations regarding credit risk, reference is made to the section "Basis of Preparation" of Note 1.

Note 15 - Income tax assets

These are analyzed as follows:

(euro/thousand)

	30.06.2022	31.12.2021
Italian corporate income taxation (IRES)	3,938	2,857
Italian regional tax on productive activities (IRAP)	620	482
Foreign tax	11,796	11,365
Total income tax assets	**16,354**	**14,704**

Note 16 - Current financial assets

These are analyzed as follows:

(euro/thousand)

	30.06.2022	31.12.2021
Derivative assets	42,713	15,301
Other receivables	191,311	131,292
Current financial receivables from associates	5,516	917
Accrued interest income	5,695	14,808
Prepaid interest and other financial expense	11,746	621
Total current financial assets	**256,981**	**162,939**

"Derivative assets" represent the reporting-date fair value of derivatives with a maturity of less than 12 months. The fair value of derivative financial instruments has been calculated considering market parameters and using widely accepted measurement techniques (Level 2).

"Other receivables" refers to loans to third parties on which interest accrues at market rates of interest, and is increased by disbursements made during the course of the year (see Note 9 for the non-current portion).

It should be noted that in the first half of 2022, receivables for loans granted to third parties were subject to impairment of euro 8,626 thousand, in application of the expected credit loss model adopted by the Group.

Note 17 - Cash and cash equivalents

These are analyzed as follows:

(euro/thousand)

	30.06.2022	31.12.2021
Bank and postal deposits	708,127	1,235,989
Checks		
Cash on hand	242	191
Total cash and cash equivalents	**708,369**	**1,236,180**

Cash and cash equivalents at period end include euro 6,389 thousand in term bank deposits, for which there is a contractual provision for prompt disposal; the remainder refers to the balances on current accounts held with a number of banks.

Note 18 - Equity

Equity attributable to owners of the Parent

The composition of equity is analyzed in the following table:

(euro/thousand)

	30.06.2022	31.12.2021
Attributable to owners of the Parent		
Share Capital	862,981	862,981
Reserve of own shares	(4,110)	(2,967)
Share premium reserve	110,499	110,499
Legal reserve	65,066	58,805
Cash flow hedge reserve	20,111	(4,013)
Financial asset fair value reserve through Other Comprehensive Income	(1,098)	(398)
Currency translation reserve	(108,234)	(124,496)
Other reserves and retained earnings	(80,579)	(103,607)
Profit/(loss) for the period	(229,871)	21,778
	634,764	818,582
Attributable to Non-Controlling Interests		
Capital and reserves	7,409	7,310
Financial asset fair value reserve through Other Comprehensive Income	(7)	(7)
Currency translation reserve	10,172	8,315
Profit/(loss) for the period	(3,654)	37
	13,921	15,655
Total equity	648,685	834,237

Share Capital

The Share Capital of FINCANTIERI S.p.A. amounts to euro 862,980,725.70, fully paid-in, divided into 1,699,651,360 ordinary shares (including 5,012,414 own shares in portfolio), with no par value.
As at 30 June 2022, 71.32% of the Company's Share Capital is held, through the subsidiary CDP Industria S.p.A., by Cassa Depositi e Prestiti (CDP) S.p.A., a company controlled by the Ministry of Economy and Finance.
The remainder of Share Capital was distributed between a number of private investors (none of whom held significant interests of 3% or above) and own shares (of around 0.295% of shares representing the Share Capital).

Reserve of own shares

The reserve is negative for euro 4,110 thousand and comprises the value of the own shares for the Company's incentive plans called "Performance Share Plan" (described in more detail in Note 30).
The Shareholders' Meeting held on 16 May 2022, revoking previous resolutions, authorized the Board of Directors to purchase, on one or more occasions, for a period of eighteen months from the date of the Shareholders' Meeting, ordinary shares of FINCANTIERI S.p.A., for a maximum amount of shares not exceeding one-fifth of the Share Capital. In execution and in compliance with this shareholders' resolution, the Parent Company, on 15 June 2022, started the program for the purchase of own shares to service the incentive plan called "Performance Share Plan 2019-2021". This program ended on 24 June 2022 with the purchase on the market of 2,000,000 own shares, equal to about 0.12% of the Share Capital, at a weighted average net price of euro 0.5683 per share, for a total countervalue of euro 1,143 thousand.
The number of shares issued is reconciled to the number of outstanding shares in the Parent Company at 30 June 2022.

	N° shares
Ordinary shares issued	1,699,651,360
less: own shares purchased	(3,012,414)
Ordinary shares outstanding at 31.12.2021	**1,696,638,946**
Changes in 2022	
plus: Ordinary shares issued	-
plus: own shares allocated	-
less: own shares purchased	(2,000,000)
Ordinary shares outstanding at 30.06.2022	**1,694,638,946**
Ordinary shares issued	1,699,651,360
less: own shares purchased	(5,012,414)

Share premium reserve

This reserve has been recorded as a result of the Share Capital increase accompanying the Company's listing on the Mercato Telematico Azionario (MTA) of Borsa Italiana S.p.A. on 3 July 2014. Listing costs of euro 11,072 thousand (net of tax effects) referring to the capital increase have been accounted for as a deduction from the share premium reserve, in compliance with IAS 32.

Cash flow hedge reserve

The cash flow hedge reserve reports the change in the effective portion of derivative hedging instruments measured at fair value; movements in the cash flow hedge reserve are shown below.

Currency translation reserve

The currency translation reserve reflects exchange differences arising from the translation into Euro of financial statements of foreign operations prepared in currencies other than the Euro.

Other reserves and retained earnings

These mainly comprise: i) surplus earnings after making allocations to the legal reserve and distributions in the form of shareholder dividends; ii) actuarial gains and losses on employee benefit plans; iii) the reserve for the share-based incentive plan for management.
The Ordinary Shareholders' Meeting held on 16 May 2022 resolved to allocate the net profit for the year 2021 of euro 125,225 thousand, of which euro 6,261 thousand to the legal reserve and euro 118,964 thousand to the extraordinary reserve.
The Reserve to cover the issue of shares amounts to euro 3,842 thousand and was set up by resolution of the Board of Directors on 27 June 2019 for the issue of shares to allocate to employees during the payout of the first cycle of the incentive plan "Performance Share Plan 2016-2018", through the reclassification from the reserves of available earnings and more specifically from the extraordinary reserve. For further information, refer to Note 30 – Other information, in the section "Medium/long-term incentive plan".

Non-Controlling Interests

The change with respect to 31 December 2021 is attributable to the overall result for the period.

Comprehensive income/losses

The amount of other comprehensive income/losses, presented in the statement of comprehensive income, is as follows:

(euro/thousand)

	30.06.2022			30.06.2021		
	Gross amount	Tax (expense)/ benefit	Net amount	Gross amount	Tax (expense)/ benefit	Net amount
Effective portion of profits/(losses) on cash flow hedging instruments	31,816	(7,692)	24,124	3,610	(416)	3,194
Gains/(losses) from remeasurement of employee defined benefit plans	5,252	(1,261)	3,991	1,655	(398)	1,257
Gains/(Losses) from fair value measurement of investments measured at FVTOCI	(700)		(700)			
Gains/(losses) arising on translation of financial statements of foreign operations	18,119		18,119	12,544		12,544
Total other comprehensive income/(losses)	**54,487**	**(8,953)**	**45,534**	**17,809**	**(814)**	**16,995**

(euro/thousand)

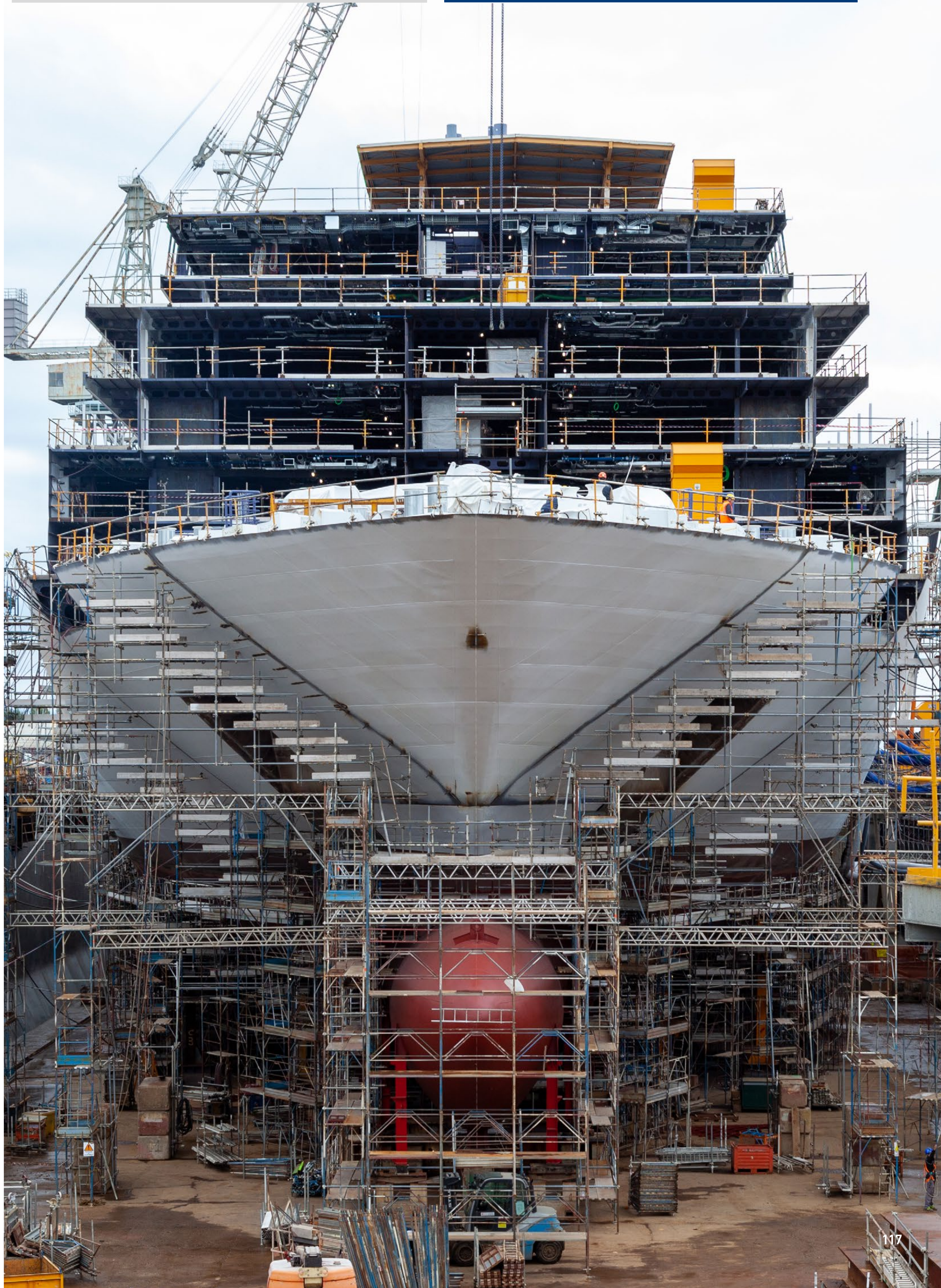
	30.06.2022	30.06.2021
Effective portion of profits/(losses) arising in period on cash flow hedging instruments	26,625	(8,037)
Effective portion of profits/(losses) on cash flow hedging instruments reclassified to profit or loss	5,191	11,647
Effective portion of profits/(losses) on cash flow hedging instruments	**31,816**	**3,610**
Tax effect of other components of comprehensive income	**(7,692)**	**(416)**
Total other comprehensive income/(losses), net of tax	**24,124**	**3,194**

Movements in the cash flow hedge reserve and impact of financial instruments on profit or loss

The following table presents movements in the cash flow hedge reserve and the effect of derivative instruments on profit or loss:

(euro/thousand)

	Equity			
	Gross	Income taxes	Net	Effect on profit or loss
01.01.2021	**(11,696)**	**1,884**	**(9,812)**	**(45,316)**
Change in fair value	(5,240)	1,227	(4,013)	
Utilizations	11,696	(1,884)	9,812	(9,812)
Other income/(expenses) for risk hedging				16,625
Finance income/(costs) relating to trading derivatives and time-value component of hedging derivatives				(30,170)
31.12.2021	**(5,240)**	**1,227**	**(4,013)**	**(23,357)**
Change in fair value	26,576	(6,465)	20,111	
Utilizations	5,240	(1,227)	4,013	(4,013)
Other income/(expenses) for risk hedging				19,546
Finance income/(costs) relating to trading derivatives and time-value component of hedging derivatives				(16,233)
30.06.2022	**26,576**	**(6,465)**	**20,111**	**3,313**



Note 19 - Provisions for risks and charges

These are analyzed as follows:

(euro/thousand)

	Litigation	Product warranty	Onerous contracts	Business reorganization	Other risks and charges	Total
Non-current portion	19,126	48,338			18,813	86,277
Current portion	985	9,850	95,914	1,302	2,475	110,526
01.01.2022	**20,111**	**58,188**	**95,914**	**1,302**	**21,288**	**196,803**
Provisions	26,272	13,454	105,905		20,744	166,375
Utilizations	(22,394)	(9,161)	(15,218)		(1,039)	(47,812)
Releases	(1,379)	(2,767)			(790)	(4,936)
Other changes/reclassifications			8,823			8,823
Exchange rate differences	(89)	(203)	5,816	(45)	(23)	5,456
30.06.2022	**22,521**	**59,511**	**201,240**	**1,257**	**40,180**	**324,709**
Non-current portion	21,536	49,517	178,818		37,287	287,158
Current portion	985	9,994	22,422	1,257	2,893	37,551

Increases in the litigation provision mainly refer to: i) precautionary provisions for claims brought by employees, authorities or third parties for damages arising from asbestos exposure; ii) other provisions for litigation with former employees and suppliers and for other legal proceedings. Utilization of the provision for litigation refers mainly to compensation in the asbestos-related lawsuits brought by employees, authorities or third parties.
The "Product warranty" provision includes amounts set aside for the estimated cost of carrying out work under contractual guarantee after vessel delivery. The warranty period normally lasts for 1 or 2 years after delivery.
The item "Provisions for onerous contracts" includes the amount of estimated losses to completion with respect to existing construction contracts. The increase recorded in the first half of the year is mainly attributable to the worsening of margins and the consequent expected losses recorded on some projects in the Infrastructure business, also as a result of an updated risk analysis carried out during the first part of the year by the new management on the basis of the information acquired during the half-year.
Provisions for/utilization of the provision for onerous contracts are included in the item "Change in Contract assets and liabilities" included in operating revenue in Note 25.
Other changes refer to the reclassification from the provision for advance project losses to the provision for onerous contracts.
The "Business reorganization" provision has been set aside in previous periods for the cost of the reorganization programs initiated by VARD in its Norwegian shipyards.
The provisions for "Other risks and charges" include the provisions to cover the risks of environmental remediation (euro 4,832 thousand) and losses on investments in non-consolidated companies (euro 4,883 thousand). The residual balance relates to provisions for risks related to various kinds of disputes, mostly of a contractual, technical or fiscal nature, which might be settled at the Group's expense either in or out of court.
The increase in provisions for other risks and charges is attributable to the provision made to cover the risk of non-performance of obligations under offset agreements (euro 20 million).
More information can be found in Note 30.

Note 20 - Employee benefits

Movements in this line item are as follows:

(euro/thousand)

	30.06.2022	31.12.2021
Opening balance	**63,688**	**59,692**
Business combinations		4,153
Interest cost	644	339
Actuarial (gains)/losses	(5,252)	1,834
Utilizations for benefits and advances paid	(1,672)	(3,106)
Staff transfers and other movements	(16)	776
Exchange rate differences		
Closing balance	**57,392**	**63,688**
Plan assets	(5)	(5)
Closing balance	**57,387**	**63,683**

The balance at 30 June 2022 of euro 57,387 thousand is mainly comprised of the employee severance benefit pertaining to the Group's Italian companies (euro 57,350 thousand).
The amount of Italian employee severance benefit recognized in the financial statements is calculated on an actuarial basis using the projected unit credit method; the discount rate used by this method to calculate the present value of the defined benefit obligation reflects the market yield on bonds with the same maturity as that expected for the obligation. The assumptions adopted were adjusted to the values recorded as at 30 June 2022: discount rate of 2.74% (0.98% as at 31 December 2021), inflation rate of 2.10% (1.75% as at 31 December 2021) and rate of increase of the severance pay fund of 3.08% (2.813% as at 31 December 2021).

Note 21 - Non-current financial liabilities

These are analyzed as follows:

(euro/thousand)

	30.06.2022	31.12.2021
Bank loans and credit facilities - non-current portion	1,708,027	1,765,354
Liabilities to other lenders	19,896	27,562
Financial liabilities for leasing IFRS 16 – non-current portion	115,337	101,246
Fair value of options on equity investments	13,446	13,377
Derivative liabilities	24,730	6,298
Total non-current financial liabilities	**1,881,436**	**1,913,837**

At 30 June 2022, a non-current portion of euro 543 million of Bank loans maturing in the next 12 months was reclassified to the current portion. It should be noted that during the first half of 2022, the Parent Company (i) finalised the negotiation of new medium/long-term loans in the amount of euro 520 million with a number of leading domestic and international banks and (ii) obtained the approval of an additional loan in the amount of euro 150 million that will be signed in the third quarter of this year. These loans are part of the Group's strategy to refinance early the portions of medium- and long-term loans maturing in the next 18 months.
It should be noted that there are no covenant clauses included in the loan agreements. In addition, for existing loan agreements, no events occurred during the period that would trigger accelerated repayment clauses.
The item "Liabilities to other lenders" includes euro 7,733 thousand for the amount owed to Esseti – Sistemi e Tecnologie Holding S.r.l. for the payment in instalments of part of the shares of the subsidiary Fincantieri NexTech S.p.A. acquired in 2020 in implementation of the agreements with the minority shareholders. The item includes euro 5,553 thousand for the payable to the extraordinary commissioners for the payment of the price for the acquisition of the business unit owned by INSO - Sistemi per le INfrastrutture SOciali S.p.A., and its subsidiary SOF by FINSO - Fincantieri INfrastrutture Sociali.
"Financial liabilities for leasing IFRS 16 – non-current portion" refers to the non-current portion of the financial liabilities for lease payments falling within the scope of IFRS 16. Note 6 contains details on related rights of use.
The increase in the item "Fair value of options on equity investments" is due to the put options granted to the minority shareholders of Team Turbo Machines SAS, IDS Ingegneria dei Sistemi S.p.A. and Fincantieri INfrastrutture SOciali S.p.A. following the acquisition of the subsidiaries.
"Derivative liabilities" represent the reporting-date fair value of derivatives with a maturity of more than 12 months (Level 2).

Note 22 - Other non-current liabilities

These are analyzed as follows:

(euro/thousand)

	30.06.2022	31.12.2021
Capital grants	50,917	46,136
Other liabilities	4,853	4,881
Firm commitments	2,692	2,537
Total other non-current liabilities	**58,462**	**53,554**

"Capital grants" mainly comprise deferred income associated with grants for property, plant and equipment and innovation grants which will be released to income in future years to match the related depreciation/amortization of these assets. The increase is attributable to the subsidiaries Marinette Marine Corporation and Bay Shipbuilding.
"Other liabilities" include euro 4,693 thousand in payables to other parties in respect of the amount owed by the Iraqi Ministry of Defence.

Note 23 - Trade payables and other current liabilities

These are analyzed as follows:

(euro/thousand)

	30.06.2022	31.12.2021
Payables to suppliers	1,902,947	1,896,864
Payables to suppliers for reverse factoring	659,117	593,260
Social security payables	68,946	54,308
Other payables to employees for deferred wages and salaries	147,903	118,941
Other payables	130,005	111,644
Other payables to Parent Company	15,267	43,172
Indirect tax payables	7,722	12,629
Firm commitments	10,664	2,989
Accrued expenses	2,240	2,702
Deferred income	10,302	13,583
Total trade payables and other current liabilities	**2,955,113**	**2,850,092**

"Payables to suppliers for reverse factoring" report the liabilities sold to factoring companies by suppliers. These liabilities are classified among "Trade payables and other current liabilities" since they are related to obligations for the supply of goods and services used during the normal operating cycle. The sale is agreed with the supplier and envisages the possibility for the latter to give further extensions for consideration or not. With regard to the presentation in the Statement of Cash Flows, it should be noted that the cash flows related to these transactions are included in the Net cash flows from operating activities described in Note 31. For considerations regarding liquidity risk, reference is made to the section "Basis of Preparation" of Note 1.

"Social security payables" include mainly amounts due to INPS (the Italian social security authorities) for employer and employee contributions on December's wages and salaries and contributions on end-of-period wage adjustments.

"Other payables to employees for deferred wages and salaries" reported at 30 June 2022 include the effects of allocations made for unused holidays and deferred pay.

"Other payables" include employee income tax withholdings payable to tax authorities, sundry payables for insurance premiums, advances received against research grants, amounts payable to employee supplementary pension funds, security deposits received and various liabilities for disputes in the process of being settled financially.

"Firm commitments" reflect the fair value of the hedged item, represented by the construction contracts in currencies other than the functional currency and therefore subject to exchange rate risk, and it is the subject of fair value hedge used by the VARD group.

Note 24 - Current financial liabilities

These are analyzed as follows

(euro/thousand)

	30.06.2022	31.12.2021
Bonds issued and commercial papers	155,500	220,200
Bank loans and credit facilities - current portion	657,264	269,255
Loans from BIIS - current portion	285	267
Bank loans and credit facilities - Construction loans	1,396,000	1,075,000
Other short-term bank debt	47,610	57,562
Other financial liabilities to others - current portion	11,783	18,781
Bank credit facilities repayable on demand	1,017	1,830
Payables to joint ventures	2,137	1,966
Financial liabilities for leasing IFRS 16 – current portion	18,629	17,862
Fair value of options on equity investments	25,224	23,133
Derivative liabilities	22,720	16,287
Accrued and prepaid interest expense	5,160	5,524
Total current financial liabilities	**2,343,329**	**1,707,667**

At 30 June 2022, "Bank loans and credit facilities - Construction loans" includes the use of euro 1,315 million in construction loans by FINCANTIERI S.p.A. and euro 81 million by the VARD group. The change compared to 31 December 2021 is mainly due to the need to fund the growth in working capital related to cruise ship construction. As of 30 June 2022, the Group had construction financing facilities of about euro 1,781 million (euro 1,681 million at 31 December 2021).

As at 30 June 2022, the item Other short-term bank debt refers for euro 44 million to bank debts of the subsidiary Vard. Moreover, euro 156 million of Commercial Papers issued under the Euro-Commercial Paper Step Label, structured at the end of 2017, for the issue of unsecured short-term debt securities, had been used on the same date. The maximum amount of debt securities that can be issued under this program is euro 500 million.

"Fair value of options on equity investments" (Level 3) amounting to euro 25,224 thousand (euro 23,133 thousand at 31 December 2021) is related to the option held by minority shareholders of the American group FMG, the increase in which, compared to 2021, is due to the negative effect of translating the balance expressed in foreign currency.

"Derivative liabilities" represent the reporting-date fair value of derivatives and has been calculated considering market parameters and using widely accepted measurement techniques (Level 2).

Note 25 - Revenue and income

These are analyzed as follows:

(euro/thousand)

	30.06.2022	30.06.2021
Sales and service revenue	1,456,933	1,812,245
Change in Contract Assets and liabilities	2,009,651	1,401,560
Operating revenue	**3,466,584**	**3,213,805**
Gains on disposal	493	321
Sundry revenue and income	42,459	32,328
Government grants	10,112	4,536
Other revenue and income	**53,064**	**37,185**
Total revenue and income	**3,519,648**	**3,250,990**

Revenues from operations are mainly those arising from contractual obligations satisfied "over time", i.e. over the gradual progress of activities.
Revenue and income in the first half of 2022 amount to euro 3,520 million, an increase of 8.3% over the same period in 2021. These results reflect the positive performance of all the sectors in which the Group operates. For more details on the breakdown of revenues by business segment, please refer to Note 32.
It should be noted that this item includes the positive impact of progress on sales projects for two naval vessels (euro 10 million in the first half of 2022 and euro 225 million in the first half of 2021), whose sales contracts have a contra-entry in the cost item, since the Group invoices the entire contractual amount to the end customer but does not directly manage the construction contract although it retains the risk arising from execution of the contract.
The aggregate value of contracts acquired relating to performance obligations that have not been fulfilled or have been partially fulfilled at 30 June 2022 is the order backlog, i.e. the residual value of orders not yet completed. This is calculated as the difference between the total value of the order (including any addenda and order variations) and the accumulated value of work in progress ("Construction contracts – gross", both assets and liabilities) developed at the reporting date. The order backlog at 30 June 2022 stands at euro 24,067 million and guarantees about 3.6 years of work if related to 2021 revenue. For further information please refer to the Group Report On Operations.
Change in Contract assets and liabilities includes impairment losses of the work in progress and the provisions for/utilization of the provision for onerous contracts included in the Provisions for risks and charges in Note 19.

Note 26 - Operating costs

Materials, services and other costs

Materials, services and other costs are analyzed as follows:

(euro/thousand)

	30.06.2022	30.06.2021
Raw materials and consumables	(1,756,370)	(1,834,274)
Services	(1,079,517)	(610,659)
Leases and rentals	(19,656)	(17,155)
Change in inventories of raw materials and consumables	46,772	(8,284)
Change in work in progress	11,126	(5,604)
Sundry operating costs	(19,982)	(18,233)
Cost of materials and services capitalized in fixed assets	3,224	1,672
Total materials, services and other costs	**(2,814,403)**	**(2,492,537)**

Please note that the item raw materials and consumables also includes the costs for the construction of the projects relating to the two naval vessels mentioned in Note 25 above (euro 9 million in the first half of 2022 and euro 225 million in the same half of 2021).
"Leases and rentals" mainly includes costs relating to short-term leasing contracts and the remainder to leasing contracts in which the underlying asset is of modest value.
"Sundry operating costs" also include euro 183 thousand in losses on the disposal of non-current assets (euro 947 thousand at 30 June 2021) and tax charges for euro 6,357 thousand (euro 5,617 thousand at 30 June 2021).

Personnel costs

(euro/thousand)

	30.06.2022	30.06.2021
Personnel costs:		
- wages and salaries	(454,208)	(410,152)
- social security	(117,467)	(109,955)
- costs for defined contribution plans	(22,489)	(20,143)
- costs for defined benefit plans	(283)	
- other personnel costs	(15,469)	(15,486)
Personnel costs capitalized in fixed assets	5,474	3,890
Total personnel costs	**(604,442)**	**(551,846)**

"Personnel costs" represent the total cost incurred for employees, including wages and salaries, employer social security contributions payable by the Group, gifts and travel allowances.

Headcount

The Fincantieri Group's headcount at 30 June 2022 can be broken down as follows:

(number)

	30.06.2022	30.06.2021
Employees at period end:		
Total at period end	21,062	20,784
- of whom in Italy	10,886	10,336
- of whom in Parent Company	8,912	8,705
- of whom in VARD	7,631	8,127
Average number of employees	20,802	20,589
- of whom in Italy	9,912	9,895
- of whom in Parent Company	8,809	8,572
- of whom in VARD	7,616	8,082

Depreciation, amortization and impairment and provisions

(euro/thousand)

	30.06.2022	30.06.2021
Depreciation and amortization:		
- amortization of intangible assets	(40,167)	(36,034)
- depreciation of rights of use	(10,826)	(8,952)
- depreciation of property, plant and equipment	(60,405)	(51,383)
Impairment:		
- impairment of goodwill	(84,105)	
- impairment of intangible assets	(22,861)	(12)
- impairment of property, plant and equipment	(20)	(25)
Total depreciation, amortization and impairment	**(218,384)**	**(96,406)**
Provisions:		
- impairment of receivables	(6,790)	(3,825)
- increases in provisions for risks and charges	(60,461)	(40,236)
- release of provisions and impairment reversals	7,944	3,348
Total provisions	**(59,307)**	**(40,713)**

A breakdown of depreciation, amortization and impairment is provided in Notes 5, 6 and 7.
Details of provisions can be found in Notes 10, 14 and 19.

Note 27 - Finance income and costs

These are analyzed as follows:

(euro/thousand)

	30.06.2022	30.06.2021
Finance income		
Interest and fees from joint ventures and associates	692	394
Bank interest and fees and other income	15,581	7,229
Income from derivative financial instruments		90
Interest and other income from financial assets	2,591	1,990
Foreign exchange gains	58,667	31,771
Total finance income	**77,531**	**41,474**
Finance costs		
Interest and fees charged by joint ventures	(72)	(13)
Interest and fees charged by controlling companies	8	(9)
Expenses from derivative financial instruments	(8,052)	(14,364)
Interest on employee benefit plans	(241)	(88)
Interest and fees on bonds and commercial papers	(1,760)	(1,141)
Interest and fees on construction loans	(4,027)	(9,317)
Bank interest and fees and other expense	(37,340)	(27,785)
Interest and fees paid by related parties	(1,386)	(1,217)
Interest paid on leases IFRS 16	(1,634)	(1,260)
Impairment of financial receivables IFRS 9	(8,626)	(14,651)
Foreign exchange losses	(57,926)	(17,096)
Total finance costs	**(121,056)**	**(86,941)**
Total finance income and costs	**(43,525)**	**(45,467)**

"Interest from banks and other income" mainly refers to interest income received by the Group on financial loans granted to third parties at market rates and on trade extensions granted to its customers.
"Expenses from derivative financial instruments" mainly includes the finance costs related to the derivatives negotiated to hedge the Parent Company's construction contracts, in US dollars (accounted for in cash flow hedge and reversed in the income statement as the hedge transaction progresses), as well as the finance costs relating to the hedging of the interest rate risk on medium/long-term loans.
Foreign exchange gains and losses mainly include the effects on profit and loss of movements by the Brazilian real and the euro against the US dollar and the Norwegian krone against the euro.
Finance costs include impairment of existing financial receivables determined on the basis of the expected credit loss model introduced by IFRS 9.

Note 28 - Income and expense from investments

These are analyzed as follows:

(euro/thousand)

	30.06.2022	30.06.2021
INCOME		
Dividends from other companies	47	
Income from acquisition		13,833
Fair value measurement gains	157	657
Total income	**204**	**14,490**
EXPENSE		
Investment impairment losses		60
Total expense	**-**	**60**
Income/(expense) from investments	**204**	**14,430**
Share of profit/(loss) of investments accounted for using the equity method		
Profit	251	
Loss	(7,797)	(14,364)
Share of profit/(loss) of investments accounted for using the equity method	**(7,546)**	**(14,364)**
Total income and expense from investments	**(7,342)**	**66**

The loss from investments accounted for using the equity method, of euro 7,797 thousand, reflects the Group's share of the results for the year of some associates and joint ventures.
For more details on the changes to investments, see Note 8.

Note 29 - Income taxes

Income taxes have been calculated on the basis of the result for the period. The balance at 30 June 2022 comprises euro -42,614 thousand for the balance of current taxes and euro 36,844 thousand for the positive balance related to deferred income taxes. The overall tax burden is influenced by the presence of impairment on goodwill without deferred taxation and the losses incurred by some foreign subsidiaries against which no deferred tax assets have been recognised.
Deferred income taxes are analyzed in Note 11.

Note 30 - Other information

Net financial position

For the purposes of complying with Consob Communication no. DEM/6064293/2006, the following table shows the Net financial position as per ESMA recommendation. The tables and information provided below have been adjusted to reflect the updates in the document ESMA 32-382-1138 dated 4 March 2021.

(euro/thousand)s

	30.06.2022	31.12.2021
A. Cash	708,368	1,236,180
B. Cash equivalents	-	-
C. Other current financial assets	220,675	147,638
- of which related parties	8,542	2,611
D. Cash and cash equivalents (A)+(B)+(C)	**929,044**	**1,383,818**
E. Current financial liabilities (including debt instruments, but excluding current portion of non-current financial liabilities)	(1,674,746)	(1,427,021)
- of which related parties	(281,833)	(95,889)
- of which construction loans	(1,396,000)	(1,075,000)
- of which current portion of debt instruments	(155,500)	(220,200)
F. Current portion of non-current financial liabilities	(668,655)	(280,646)
- of which related parties	(8,029)	(8,816)
G. Current debt (E)+(F)	**(2,343,329)**	**(1,707,667)**
H. Net current debt (D)+(G)	**(1,414,285)**	**(323,849)**
I. Non-current financial liabilities (excluding current portion of debt instruments)	(1,881,436)	(1,913,837)
- of which related parties	(10,123)	(14,106)
J. Debt instruments	-	-
K. Trade payables and other non-current liabilities	-	-
L. Non-current debt (I)+(J)+(K)	**(1,881,436)**	**(1,913,837)**
M. Total net debt (H)+(L)	**(3,295,721)**	**(2,237,686)**

For indirect debt and/or conditional debt not reflected in the table, reference should be made: i) to Note 19 and Note 20 for the provisions recognized in the financial statements; ii) to Note 23 for payables for reverse factoring (amounting to euro 659 milion at 30 June 2022). Lastly, commitments related to lease agreements not recognized as liabilities in the financial statements since they do not fall under IFRS 16 amount to euro 17 million at 30 June 2022.

Significant non-recurring events and transactions

With reference to the provisions of Consob Resolution no. 15519 of 27 July 2006, there were no significant non-recurring events and/or transactions at 30 June 2022.

Atypical and/or unusual transactions

In accordance with the disclosures required by Consob Communication no. DEM/6064293 dated 28 July 2006, it is reported that no atypical and/or unusual transactions were carried out during 2022.

Related party transactions

Intragroup transactions, transactions with CDP Industria S.p.A. and its subsidiaries, with Cassa Depositi e Prestiti S.p.A. and its subsidiaries, with companies controlled by MEF (Italy's Ministry of Economy and Finance) and with other related parties in general, do not qualify as either atypical or unusual, since they fall within the normal course of business of the Fincantieri Group and are conducted on an arm's length basis.
The figures for related party transactions and balances are reported in the following tables.

Consolidated statement of financial position

(euro/thousand)

30.06.2022	Non-current financial assets	Current financial assets	Advances*	Trade receivables and other non-current assets	Trade receivables and other current assets	Non-current financial liabilities	Current financial liabilities	Trade payables and other current liabilities
CASSA DEPOSITI E PRESTITI S.p.A.					3,540	(7,996)	(279,624)	(15,421)
TOTAL PARENT COMPANY	**-**	**-**	**-**	**-**	**3,540**	**(7,996)**	**(279,624)**	**(15,421)**
ORIZZONTE SISTEMI NAVALI S.p.A.	13				52,144		(2,192)	(43,843)
UNIFER NAVALE S.r.l.					1,491			(5)
CSSC - FINCANTIERI CRUISE INDUSTRY DEVELOPMENT Ltd.	22,000	2,025			1,949			(153)
ETIHAD SHIP BUILDING LLC					6,304			(275)
CONSORZIO F.S.B.					(116)			
BUSBAR4F S.c.a.r.l.			765		402			(827)
FINCANTIERI CLEA BUILDINGS S.c.a.r.l.					1,337			(41)
PERGENOVA S.c.p.a.					3,307			(1,800)
ISSEL MIDDLE EAST INFORMATION TECNOLOGY CONSULTANCY LLC		4					(17)	
NAVIRIS S.p.A.		1,001			1,501			(40)
4TCC1 S.c.a.r.l.			1,087		137			(2,987)
FINMESA S.c.a.r.l								73
POWER4FUTURE S.p.A.			246		55			(5,200)
VIMERCATE SALUTE GESTIONI S.c.a.r.l					(1,427)			(118)
ENERGETIKA S.c.a.r.l.					2			(3)
NSC HOSPITAL S.c.a.r.l.					(1)			(7,083)
TOTAL JOINT VENTURES	**22,013**	**3,030**	**2,098**	**-**	**67,085**	**-**	**(2,209)**	**(62,302)**
PSC GROUP	5		1,416		113			(9,767)
CENTRO SERVIZI NAVALI S.p.A.					90			(738)
BREVIK TECHNOLOGY AS	174							
DOF ICEMAN AS					1			
CSS DESIGN				733				
ISLAND DILIGENCE AS	4,592							
DECOMAR S.p.A.		5,117			64			(309)
CASTOR DRILLING SOLUTIONS AS		395						
MØKSTER SUPPLY KS					196			
OLYMPIC GREEN ENERGY KS								
ISLAND OFFSHORE XII SHIP AS	12,799							
ISLAND VICTORY AS	3,318							
CISAR MILANO S.p.A.					61			
CISAR COSTRUZIONI S.c.a.r.l.								(321)
NORD OVEST TOSCANA ENERGIA S.r.l.	1,564				2,946			(85)
S.ENE.CA GESTIONE S.c.a.r.l.					919			(723)
BIOTECA S.c.a.r.l.					15			(25)
NOTE GESTIONI S.c.a.r.l.					1,635			
HBT S.c.a.r.l.					4,099			(74)
TOTAL ASSOCIATES	**22,452**	**5,512**	**1,416**	**733**	**10,139**	**-**	**-**	**(12,042)**
SACE FCT								
SACE S.p.A.								
VALVITALIA S.p.A.			1,227		4			(342)
SUPPLEMENTARY PENSION FUND FOR SENIOR MANAGERS OF FINCANTIERI S.p.A.								(2,973)
COMETA NATIONAL SUPPLEMENTARY PENSION FUND					(1)			(4,234)
SOLIDARIETÀ VENETO - PENSION FUND								(117)
HORIZON S.A.S.								(1)
ANSALDO ENERGIA S.p.A.					9			
TOTAL CDP GROUP	**-**	**-**	**1,227**	**-**	**12**	**-**	**-**	**(7,667)**
LEONARDO GROUP	-	-	86,642	-	1,311	-	-	(48,604)
ENI GROUP	-	-	-	-	320	(2,127)	-	(20)
ENEL GROUP	-	-	-	-	39	-	-	3
COMPANIES CONTROLLED BY MINISTRY OF ECONOMY AND FINANCE	-	-	-	-	-	-	-	(40)
TOTAL RELATED PARTIES	**44,465**	**8,542**	**91,383**	**733**	**82,446**	**(10,123)**	**(281,833)**	**(146,093)**
TOTAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	**255,658**	**256,980**	**430,555**	**60,179**	**1,501,053**	**(1,881,436)**	**(2,343,329)**	**(2,955,111)**
% on consolidated statement of financial position	17%	3%	21%	1%	5%	1%	12%	5%

* "Advances" are classified in "Inventories", as detailed in Note 12.

Consolidated statement of financial position

(euro/thousand)

31.12.2021	Non-current financial assets	Current financial assets	Advances*	Trade receivables and other non-current assets	Trade receivables and other current assets	Non-current financial liabilities	Current financial liabilities	Trade payables and other current liabilities
CASSA DEPOSITI E PRESTITI S.p.A.					2,485	(11,979)	(93,816)	(42,854)
TOTAL PARENT COMPANY	**-**	**-**	**-**	**-**	**2,485**	**(11,979)**	**(93,816)**	**(42,854)**
ORIZZONTE SISTEMI NAVALI S.p.A.					53,943		(2,056)	(35,776)
UNIFER NAVALE S.r.l.					1,491			(5)
CSSC - FINCANTIERI CRUISE INDUSTRY DEVELOPMENT Ltd.	22,000	1,694			2,752			(383)
ETIHAD SHIP BUILDING LLC					6,203			(268)
CONSORZIO F.S.B.					(116)			
BUSBAR4F S.c.a.r.l.			1,638		726			(1,055)
FINCANTIERI CLEA BUILDINGS S.c.a.r.l.					1,336			(41)
PERGENOVA S.c.p.a.					3,327			(1,707)
ISSEL MIDDLE EAST INFORMATION TECNOLOGY CONSULTANCY LLC		4					(17)	
NAVIRIS S.p.A.		504			1,003			(40)
4TCC1 S.c.a.r.l.			1,826		153			(2,422)
FINMESA S.c.a.r.l								
POWER4FUTURE S.p.A.			520					
VIMERCATE SALUTE GESTIONI S.c.a.r.l					960			
ENERGETIKA S.c.a.r.l.								(2)
NSC HOSPITAL S.c.a.r.l.					2,188			1
TOTAL JOINT VENTURES	**22,000**	**2,202**	**3,984**	**-**	**73,966**	**-**	**(2,073)**	**(41,698)**
PSC GROUP			2,333		106			(13,482)
CENTRO SERVIZI NAVALI S.p.A.					73			(1,717)
BREVIK TECHNOLOGY AS	177							
DOF ICEMAN AS								
CSS DESIGN				678				
ISLAND DILIGENCE AS	4,757							
DECOMAR S.p.A.	5,117							(103)
CASTOR DRILLING SOLUTIONS AS		409						
MØKSTER SUPPLY KS								
OLYMPIC GREEN ENERGY KS					10			
ISLAND OFFSHORE XII SHIP AS	13,260							
ISLAND VICTORY AS	3,750							
CISAR MILANO S.p.A.					98			
CISAR COSTRUZIONI S.c.a.r.l.								(111)
NORD OVEST TOSCANA ENERGIA S.r.l.	1,564				2,140			
S.ENE.CA GESTIONE S.c.a.r.l.					2,057			(2,245)
BIOTECA S.c.a.r.l.								2
NOTE GESTIONI S.c.a.r.l.					631			
HBT S.c.a.r.l.					2,959			
TOTAL ASSOCIATES	**28,625**	**409**	**2,333**	**678**	**8,083**	**-**	**-**	**(17,657)**
SACE FCT								(11)
SACE S.p.A.					33			
VALVITALIA S.p.A.			1,354		6			(406)
SUPPLEMENTARY PENSION FUND FOR SENIOR MANAGERS OF FINCANTIERI S.p.A.								(1,490)
COMETA NATIONAL SUPPLEMENTARY PENSION FUND					(1)			(4,327)
SOLIDARIETÀ VENETO - PENSION FUND								(116)
HORIZON S.A.S.								(1)
ANSALDO ENERGIA S.p.A.					1			
TOTAL CDP GROUP	**-**	**-**	**1,354**	**-**	**39**	**-**	**-**	**(6,351)**
LEONARDO GROUP			101,597		1,770			(63,980)
ENI GROUP					547	(2,127)		(139)
ENEL GROUP					29			2
COMPANIES CONTROLLED BY MINISTRY OF ECONOMY AND FINANCE					35			(5)
TOTAL RELATED PARTIES	**50,655**	**2,611**	**109,268**	**678**	**86,954**	**(14,106)**	**(95,889)**	**(172,682)**
TOTAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	**256,251**	**162,939**	**446,833**	**47,416**	**1,285,337**	**(1,913,837)**	**(1,707,667)**	**(2,850,108)**
% on consolidated statement of financial position	20%	2%	24%	1%	7%	1%	6%	5%

* "Advances" are classified in "Inventories", as detailed in Note 12.

Consolidated statement of comprehensive income

(euro/thousand)

	30.06.2022				
	Operating revenue	Other revenue and income	Materials, services and other costs	Finance income	Finance costs
CASSA DEPOSITI E PRESTITI S.p.A.					(408)
TOTAL PARENT COMPANY	**-**	**-**	**-**	**-**	**(408)**
ORIZZONTE SISTEMI NAVALI S.p.A.	83,192	327	(8,223)		(72)
UNIFER NAVALE S.r.l.					
CSSC - FINCANTIERI CRUISE INDUSTRY DEVELOPMENT Ltd.	1,195	1,885		332	
ETIHAD SHIP BUILDING LLC	21	92	(40)		
CONSORZIO F.S.B.	23	109	(187)		
BUSBAR4F S.c.a.r.l.		129	(748)		
PERGENOVA S.c.p.a.			(91)		
ISSEL MIDDLE EAST INFORMATION TECNOLOGY CONSULTANCY LLC					
NAVIRIS S.p.A.	124	1,027		1	
4TCC1 S.c.a r.l.	96	100	(2,364)		
POWER4FUTURE S.p.A.		70	(2,737)		
TOTAL JOINT VENTURES	**84,651**	**3,739**	**(14,390)**	**333**	**(72)**
PSC GROUP		286	(11,590)		
CENTRO SERVIZI NAVALI S.p.A.	7	1,095	(6,482)		
DECOMAR S.p.A.			(99)	64	
TOTAL ASSOCIATES	**7**	**1,381**	**(18,171)**	**64**	**-**
SACE FCT					(501)
SACE S.p.A.		28			(62)
TERNA GROUP					
VALVITALIA S.p.A.		101	(4,320)		
SNAM S.p.A.		23			
TOTAL CDP GROUP	**-**	**152**	**(4,320)**	**-**	**(563)**
LEONARDO GROUP	126	1,535	(128,837)	-	-
ENI GROUP	2,517	29	(534)	-	-
ENEL GROUP	-	-	(1,969)	-	-
COMPANIES CONTROLLED BY MINISTRY OF ECONOMY AND FINANCE	-	30	(44)	-	-
TOTAL RELATED PARTIES	**87,301**	**6,866**	**(168,265)**	**397**	**(1,043)**
TOTAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	**3,466,584**	**53,064**	**(2,814,403)**	**77,531**	**(121,056)**
% on consolidated statement of financial position	3%	13%	6%	1%	1%

Consolidated statement of comprehensive income

(euro/thousand)

	30.06.2021				
	Operating revenue	Other revenue and income	Materials, services and other costs	Finance income	Finance costs
CASSA DEPOSITI E PRESTITI S.p.A.		77	(50)		
TOTAL PARENT COMPANY	**-**	**77**	**(50)**	**-**	**-**
ORIZZONTE SISTEMI NAVALI S.p.A.	488,675	401	(226,518)		(13)
UNIFER NAVALE S.r.l.			(2,173)		
CSSC - FINCANTIERI CRUISE INDUSTRY DEVELOPMENT Ltd.	1,329	1,851		332	
ETIHAD SHIP BUILDING LLC		99	(22)		
CONSORZIO F.S.B.	23	118	(138)		
BUSBAR4F S.c.a.r.l.		166	(962)		
PERGENOVA S.c.p.a.	5,846	40	(8,618)		
ISSEL MIDDLE EAST INFORMATION TECNOLOGY CONSULTANCY LLC					
NAVIRIS S.p.A.	611	(290)			
4TCC1 S.c.a r.l.		68	(602)		
POWER4FUTURE S.p.A.					
TOTAL JOINT VENTURES	**496,484**	**2,453**	**(239,033)**	**332**	**(13)**
PSC GROUP		257	(18,175)		
CENTRO SERVIZI NAVALI S.p.A.		986	(4,246)		
DECOMAR S.p.A.			(7)	62	
TOTAL ASSOCIATES	**-**	**1,243**	**(22,428)**	**62**	**-**
SACE FCT		51			(69)
SACE S.p.A.					(1,148)
TERNA GROUP			(52)		
VALVITALIA S.p.A.	6	68	(5,394)		
SNAM S.p.A.		33			
TOTAL CDP GROUP	**6**	**152**	**(5,446)**	**-**	**(1,217)**
LEONARDO GROUP	28	1,553	(89,712)		
ENI GROUP	91	37	(854)		
ENEL GROUP		40	(14)		
COMPANIES CONTROLLED BY MINISTRY OF ECONOMY AND FINANCE		28	(9)		
TOTAL RELATED PARTIES	**496,609**	**5,583**	**(357,546)**	**394**	**(1,230)**
TOTAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	**3,213,805**	**37,185**	**(2,492,537)**	**41,474**	**(86,941)**
% on consolidated statement of financial position	15%	15%	14%	1%	1%

Costs for contributions incurred in 2022 and included in the item "Personnel costs" totalled euro 1,387 thousand for the Supplementary Pension Fund for Senior Managers of FINCANTIERI S.p.A. and euro 1,171 thousand for the Cometa National Supplementary Pension Fund.
The main related party relationships refer to:

- the Group's transactions with Orizzonte Sistemi Navali S.p.A., under the agreement signed in 2006 with the Italian Navy relating to the first phase of the "Renaissance" (or FREMM) program. This program involves the construction of 10 ships, with design and production activities performed by the Parent Company and its subsidiaries. The financial liabilities with Orizzonte Sistemi Navali S.p.A. at 30 June 2022 and at 31 December 2021 relate to its current account with the Company under a centralized treasury management arrangement. A contract was finalized during the fourth quarter of 2020 for the sale of two FREMM vessels, one of which was delivered in December 2020 and the other to be delivered in 2021, to the Egyptian Navy. The sale, carried out by Fincantieri, involves the transfer of two vessels in the FREMM program that Orizzonte Sistemi Navali S.p.A. purchased as prime contractor for the Italian Navy under agreements with OCCAR (Organisation for Joint Armament Cooperation). As part of the operation, Orizzonte Sistemi Navali S.p.A. has ordered two more platforms for the construction of two new FREMM vessels for the Italian Navy under the above program;
- the Group's relations with the company PERGENOVA, a joint venture between Salini Impregilo and Fincantieri Infrastructure, are aimed at rebuilding the bridge over the Polcevera river in Genoa;
- the Group's relations with the company Naviris arose in the context of the study of the Middle Life upgrade for the Orizzonte class. The financial liabilities relate to the loan granted by the Parent Company;
- relations with the joint venture CSSC - FINCANTIERI CRUISE INDUSTRY DEVELOPMENT Ltd. between Fincantieri and CSSC, prime contractor for the construction of new cruise ships at the CCSC group's Chinese shipyard, refer to the supply of specialist services and components to support CSSC shipyards;
- the FINSO group's relations with the joint venture NSCH - NUOVO SANTA CHIARA HOSPITAL S.c.a.r.l., arise chiefly from participation in the temporary grouping of enterprises, of which FINSO is a member with a share of 50%. The company was incorporated in order to carry out the construction works for the new hospital awarded by the Azienda Ospedaliera-Universitaria Pisana. It carries out the services and works on its own and/or by entrusting them to its members and/or by subcontracting them to third parties. NSCH S.c.a.r.l., while acting in its own name, operates in the interest of its members and, given its consortium nature and as laid down in its Articles of Association, it allocates costs to its members, in proportion to their interest held in the Share Capital;
- the FINSO group's relations with Vimercate Salute Gestioni S.c.a.r.l. (VSG) arise mainly from the contract awarded by Vimercate Salute S.p.A., in compliance with the concession to design, build and manage the new Vimercate hospital complex concluded between Vimercate Salute S.p.A. and Infrastrutture Lombarde S.p.A.. The purpose of this agreement is to coordinate the activity of the members to provide non-medical support services, manage the retail spaces and all other technical economic and functional activities;
- the FINSO group's relations with its associates arise mainly from the contract awarded by the special purpose vehicle, in compliance with the Concession to design, build and manage the new hospital complex;
- relations with the subsidiary Centro Servizi Navali mainly relate to shipyard and prefabrication activities;
- the Group's relations with the PSC group refer mainly to the supply of turnkey models of air conditioning systems (engineering, supply of ventilation machines, accessories and ducts, their installation on board, start-up and commissioning);
- the Group's relations with the LEONARDO group, in connection with agreements to supply and install combat systems for naval vessels under construction;
- as regards relations with the ENI group, the framework agreement was finalized in 2018 under which studies were launched for new technologies related to gas utilization and exploitation, some of which were completed during the year. The rest refers chiefly to the sale of products and services and purchases of fuel with ENI S.p.A.;
- costs and revenue or receivables and payables with other related parties at 31 December 2021 refer chiefly to the supply of goods or services used in the production process.

Pursuant to Article 13, paragraph 3, letter C of the Consob Related Parties Regulation, FINCANTIERI S.p.A. entered into an exporter indemnity agreement with SIMEST S.p.A. as a standard transaction of lesser importance.
In the context of standard transactions of lesser importance, FINCANTIERI S.p.A. was granted a five-year revolving credit line by Mediocredito Centrale in June 2019 to cover financial needs for ordinary activities. At 30 June 2022, FINCANTIERI S.p.A. also had a total of euro 230 million in committed lines of credit with leading Italian and international banks maturing between 2022 and 2024. At 30 June 2022, these revolving facilities had not been drawn down. In addition to these committed credit facilities, the Parent Company had uncommitted credit lines with leading national and international banks for euro 368 million. At 30 June 2022 these credit lines were unused.
Furthermore, during the period, Directors, Statutory Auditors, Managing Directors and other Key Management Personnel were paid a total of euro 3,922 thousand in remuneration by the Parent company, of which euro 2,168 thousand classified in personnel costs and euro 1,754 thousand in the cost of services.
A detailed description of the medium/long-term share-based incentive plan for management, called the Performance Share Plan is given below.

Basic and diluted earnings/(loss) per share

The basic assumptions for calculating basic and diluted Earnings/(Loss) Per Share are as follows:

		30.06.2022	30.06.2021
Basic/Diluted Earnings/(Loss) Per Share			
Earnings/(loss) attributable to owners of the parent	(euro/thousand)	(229,871)	5,737
Weighted average number of shares outstanding to calculate the basic earnings/(loss) per share	number	1,696,561,598	1,695,110,919
Weighted average number of shares outstanding to calculate the diluted earnings/(loss) per share	number	1,720,021,004	1,713,080,126
Basic earnings/(loss) per share	**euro**	**(0.13549)**	**0.00338**
Diluted earnings/(loss) per share	**euro**	**(0.13364)**	**0.00335**

Basic earnings per share have been calculated by dividing the profit for the period attributable to owners of the parent by the weighted average number of FINCANTIERI S.p.A. shares outstanding during the period, excluding own shares.
Diluted earnings per share have been calculated by dividing the profit for the period attributable to the Group by the weighted average number of FINCANTIERI S.p.A. shares in circulation during the period, excluding own shares, plus the number of shares that could potentially be issued. At 30 June 2022, the shares that could potentially be issued concerned only the shares assigned under the Performance Share Plan described below.

Medium/long-term incentive plan

Performance Share Plan 2016-2018

On 19 May 2017, the Shareholders' Meeting of FINCANTIERI S.p.A. approved the medium/long-term share-based incentive plan for management, called the Performance Share Plan 2016-2018 (the "Plan") and related Terms and Conditions. It should be noted that the project had been previously approved by the Board of Directors on 10 November 2016.
The Plan, structured in three-year cycles, provides for the free grant, to the beneficiaries identified by the Board of Directors, of entitlements to receive a maximum of 50,000,000 ordinary shares in FINCANTIERI S.p.A. without nominal value, based on the achievement of specific performance targets for the three-year periods 2016-2018 (first cycle), 2017-2019 (second cycle) and 2018-2020 (third cycle). The performance targets for all three cycles have been identified as Total Shareholder Return ("TSR") and EBITDA, deemed to represent objective criteria for measuring long-term value creation for the Company.
The Plan provides for a three-year vesting period for all beneficiaries from the date the entitlements are awarded to the date the shares are allotted to the beneficiaries. Therefore, if the performance targets are achieved and the other conditions of the Plan's Terms & Conditions satisfied, the shares vesting for the first cycle were allotted and delivered to beneficiaries by 31 July 2019, while those vesting for the second and third cycles were allotted and delivered by 31 July 2020 and 31 July 2021 respectively.
The Plan also provides for a lock-up period for part of the shares given to members of the Board of Directors or key management personnel of the Company.
With reference to the Plan's first cycle, 9,101,544 ordinary shares in FINCANTIERI S.p.A. were awarded to the beneficiaries identified by the Board of Directors on 15 December 2016; while, for the second cycle, 4,170,706 shares in FINCANTIERI S.p.A. were awarded to the beneficiaries identified by the Board of Directors on 25 July 2017; and lastly, for the third and last cycle, 3,604,691 shares in the Parent Company were awarded to the beneficiaries identified by the Board of Directors on 22 June 2018.

The economic and financial performance targets are comprised of two elements:

- a "market based" component (with a 30% weight on total entitlements awarded) linked to measuring Fincantieri's performance in terms of TSR related to the FTSE ITALY ALL SHARE and the peer group identified by the Company;
- a "non-market based" component (with a 70% weight on total entitlements awarded) linked to the achievement of the Group's set EBITDA targets.

With reference to the market based component, the Monte Carlo calculation method is used, based on appropriate assumptions, which enables a consistent number of alternative scenarios to be defined over the time period in consideration. Unlike the market based performance target, the non-market based component (EBITDA) is not relevant for the fair value estimation, but is updated every quarter in order to take into account the expectations relating to the number of entitlements that could vest, depending on the achievement of the set EBITDA targets.
The fair value amount determined on the grant date for each cycle of the Plan is illustrated below.

(euro)

	Grant date	No. shares awarded	Fair value
First cycle of the Plan	19 May 2017	9,101,544	6,866,205
Second cycle of the Plan	25 July 2017	4,170,706	3,672,432
Third cycle of the Plan	22 June 2018	3,604,691	3,963,754

With reference to the Performance Share Plan 2016-2018, it should be noted that:

- on 27 June 2019, the Board of Directors approved the closure of the first cycle of the "Performance Share Plan 2016-2018" incentive plan, allocating free of charge to the recipients 10,104,787 ordinary Fincantieri shares through the use of 2,572,497 own shares in portfolio and by issuing 7,532,290 new shares, without a par value. The issue and delivery of the shares took place on 31 July 2019;
- on 10 June 2020, the Board of Directors approved the closure of the second cycle of the "Performance Share Plan 2016-2018" incentive plan, allocating free of charge to the recipients 4,822,542 ordinary Fincantieri shares through the use of own shares in portfolio. The net shares actually allocated amounted to 2,685,862 shares (net of those withheld to meet the tax obligations of the assignees). The delivery of the shares took place on 3 July 2020;
- on 10 June 2021, the Board of Directors approved the closure of the third cycle of the "Performance Share Plan 2016-2018" incentive plan, allocating free of charge to the recipients 2,787,276 ordinary Fincantieri shares. The allocation of shares took place, using solely own shares in portfolio, on 2 July 2021.

The Plan's features, outlined above, are described in detail in the special document prepared by the Company under Art. 84-bis of Consob Regulation No. 11971 of 14 May 1999, made available to the public on the website "www.fincantieri.it" in the section "Ethics and Governance – Shareholders' Meeting – Shareholders' Meeting 2017".

Performance Share Plan 2019-2021

On 11 May 2018, the Shareholders' Meeting of FINCANTIERI S.p.A. approved the medium/long-term share-based incentive plan for management, the Performance Share Plan 2019-2021 (the "Plan"), and the related Terms and Conditions, the structure of which was defined by the Board of Directors at the meeting held on 27 March 2018.
The Plan, structured in three-year cycles, provides for the free grant, to the beneficiaries identified by the Board of Directors, of entitlements to receive a maximum of 25,000,000 ordinary shares in FINCANTIERI S.p.A. without nominal value, based on the achievement of specific performance targets for the three-year periods 2019-2021 (first cycle), 2020-2022 (second cycle) and 2021-2023 (third cycle).
The Plan provides for a three-year vesting period for all beneficiaries from the date the entitlements are awarded to the date the shares are allotted to the beneficiaries. Therefore, if the performance targets are achieved and the other conditions of the Plan's Terms & Conditions satisfied, the shares vesting for the first cycle will be allotted and delivered to beneficiaries by 31 July 2022, while those vesting for the second and third cycles will be allotted and delivered by 31 July 2023 and 31 July 2024 respectively.
The Plan also provides for a lock-up period for part of the shares given to members of the Board of Directors or key management personnel of the Company. The free award of a number of rights is left to the Board of Directors, which also has the power to identify the number and names of the beneficiaries.
With reference to the Plan's first cycle, 6,842,940 ordinary shares in the Company were awarded to the beneficiaries identified by the Board of Directors on 24 July 2019; while, for the second cycle, 11,133,829 ordinary shares in the Company were awarded to the beneficiaries identified by the Board of Directors on 30 July 2020; and lastly, for the third and last cycle, 9,796,047 ordinary shares in the Company were awarded to the beneficiaries identified by the Board of Directors on 10 June 2021.
Among the Plan's targets, in addition to the EBITDA and TRS already included in the Performance Share Plan 2016-2018, the Group introduced another parameter, the sustainability index, to measure achievement of the sustainability targets set by the Group in order to align with European best practices and the financial community's increased expectations for sustainable development.
The references used to test achievement of the sustainability target are market parameters such as the "CDP" (Carbon Disclosure Project) and a second rating by another agency which evaluates the entire basket of sustainability aspects.
The fair value amount determined on the grant date for each cycle of the Plan is illustrated below.

(euro)

	Grant date	No. shares awarded	Fair value
First cycle of the Plan	24 July 2019	6,842,940	6,668,616
Second cycle of the Plan	30 July 2020	11,133,829	5,958,937
Third cycle of the Plan	10 June 2021	9,796,047	7,416,783

The Plan's features, outlined above, are described in detail in the special document prepared by the Parent Company under Art. 84-bis of Consob Regulation No. 11971 of 14 May 1999, made available to the public on the website "www.fincantieri.it"" in the section "Ethics and Governance – Shareholders' Meeting – Shareholders' Meeting 2018".

Performance Share Plan 2022-2024

On 8 April 2021, the Shareholders' Meeting of FINCANTIERI S.p.A. approved the medium/long-term share-based incentive plan for management, the Performance Share Plan 2022-2024 (the "Plan"), and the related Terms and Conditions, the structure of which was defined and approved by the Board of Directors on 25 February 2021.
The Plan, consistent with the previous plan 2019-2021, is structured in three-year cycles and provides for the free grant, to the beneficiaries identified by the Board of Directors, of entitlements to receive a maximum of 64,000,000 ordinary shares in FINCANTIERI S.p.A. without nominal value, based on the achievement of specific performance targets for the three-year periods 2022-2024 (first cycle), 2023-2025 (second cycle) and 2024-2026 (third cycle).
The Plan provides for a three-year vesting period for all beneficiaries from the date the entitlements are awarded to the date the shares are allotted to the beneficiaries. Therefore, if the performance targets are achieved and the other conditions of the Plan's Terms & Conditions satisfied, the shares vesting for the first cycle will be allotted and delivered to beneficiaries by 31 July 2025, while those vesting for the second and third cycles will be allotted and delivered by 31 July 2026 and 31 July 2027 respectively.
In particular, the beneficiaries for the first cycle will be identified by the grant date for the first cycle, namely by 31 July 2022; the beneficiaries for the second cycle will be identified by the grant date for the second cycle, namely by 31 July 2023; and the beneficiaries for the third cycle will be identified by the grant date for the third cycle, namely by 31 July 2024.
Among the Plan's targets and in particular as regards the first cycle, as already included in the Performance Share Plan 2019-2021, in addition to the EBITDA and TRS, the Group defined another parameter, the sustainability index, to measure achievement of the sustainability targets set by the Group in order to align with European best practices and the financial community's increased expectations for sustainable development.
The references used to test achievement of the sustainability target are based on the percentage of achievement of the Sustainability Plan targets that the Company has set itself during the reference period. In addition, an access gate has been included which has to be achieved in order to receive the bonus. This gate is linked to the rating targets that the Company has set itself and are: obtaining at least a B rating in the "Carbon Disclosure Project" (CDP) and inclusion in the Advanced band of the "Vigeo Eiris" ranking.
The Plan also provides for a lock-up period for part of the shares given to members of the Board of Directors or key management personnel of the Company.
The Plan's features, outlined above, are described in detail in the special document prepared by the Parent Company under Art. 84-bis of Consob Regulation No. 11971 of 14 May 1999, made available to the public on the website "www.fincantieri.it"" in the section "Ethics and Governance – Shareholders' Meeting – Shareholders' Meeting 2021".

Litigation

The following is an update on the status of litigation described in the Notes to the 2021 Consolidated Financial Statements.

Foreign litigation

With reference to the "Iraq" dispute, described in detail in the Notes to the Consolidated Financial Statements at 31 December 2014 and the subject of various subsequent updates, it is recalled that following the failure to agree the operating contracts (Refurbishment Contract and Combat System Contract) required for the Settlement Agreement, the Iraqi Government stepped up the proceedings pending before the Appeals Court of Paris against the arbitration awarded to Fincantieri. On 18 January 2018, the Appeals Court of Paris rejected the counterparty's claims. On 20 June 2018 the Iraqi Government notified Fincantieri of its appeal before the French Supreme Court against the decision of the Appeals Court of Paris. In a ruling issued on 15 January 2020, the French Supreme Court finally rejected the Iraqi Government's appeal in its entirety. Before the Italian courts, Fincantieri's recovery of its credit from the Iraqi state continued.

With reference to the claim brought by the Brazilian subsidiary Vard Promar S.A. against Petrobas Transpetro S.A., after the losses incurred on eight shipbuilding contracts, on 22 June 2021 the Court of the State of Rio de Janeiro ordered Transpetro to pay BRL 240,340,782.02 (approximately euro 40 million) to Vard Promar in compensation for damages and related interest. In addition, the same Court ordered Transpetro to pay back BRL 29,392,427.72 (approximately euro 4.9 million) to Vard Promar in relation to the penalties applied by Transpetro for an amount above that agreed in the contract. As a result of a calculation error in the quantification of the interest, the Brazilian court adjusted the amount of the compensation to BRL 310,039,577.36 (approximately euro 48.5 million).
With reference to the "Al Jaber" litigation, Al-Jaber Group LLC sued, before the civil court of Doha (Qatar), Fincantieri and Fincantieri Services Middle East LLC (a wholly-owned subsidiary of Fincantieri based in Qatar), to request the payment of an alleged agency fee, claiming to have carried out certain activities as Fincantieri's agent that would have, in its opinion, led to the award to Fincantieri of a contract with the Qatar Armed Forces. Fincantieri completely rejected the counterparty's arguments. The claim amounts to euro 264,000,000. Following several postponements, the first hearings were held at the beginning of 2021, after which the judge appointed a technical expert in defence tendering procedures, who filed his expert opinion at the start of March 2022. The Court of First Instance ruled on 20 April 2022, rejecting Al-Jaber's claim and ordering it to pay the costs of the proceedings. Al-Jaber then appealed the first instance judgment and the first hearing of the second instance judgment, initially scheduled for 22 June 2022, will be held on 19 October 2022. With reference to this litigation, it is deemed that the risk is possible, but not probable, also based on the opinion of the lawyers engaged by the Company, and therefore no provision for risks was set aside.

Italian litigation

Client credit recovery

With reference to legal action against customers that are insolvent, bankrupt or the subject of other reorganization measures, with whom disputes have arisen, it is reported that legal actions are continuing against Tirrenia and Siremar, both under special administration.
It should also be noted that Fincantieri has receivables which originally arose with Astaldi in preventative agreement, a company operating in the infrastructure sector, which subsequently became subject to an arrangement with creditors, now concluded. Fincantieri's claim is disputed and the Company has undertaken legal action to protect it. Based on the opinion of the legal counsel engaged, the Company is confident that its claims will be accepted by the relevant courts.
In any case, the Company's credits have been appropriately impaired in cases where the expectation of recovery is less than the amount of the credit.

Litigation with suppliers

These are disputes involving claims by suppliers and contractors that the Company considers unjustified (alleged contractual liability, alleged receivables for invoices not due or for extra items not due), or concerning the recovery of extra costs and/or losses incurred by the Company due to supplier or contractor breaches of contract. In some cases, it has been considered appropriate to bring negative assessment actions against such alleged claims.
A provision for risks and charges has been recognized for those disputes thought to not be settled in the Group's favour.

Employment litigation

This refers to cases brought by employees and former employees of contractors and subcontractors, which involve the Company under the "customer co-liability" principle (art. 1676 of the Italian Civil Code and art. 29 of Legislative Decree 276/2003).
Litigation relating to asbestos continued to be settled both in and out of court in 2021. The provision set aside for this has been estimated in relation to litigation pending at the reference date for the estimate. The total

liability relating to cases that have not yet emerged or are not yet known cannot be reliably estimated based on the information currently available and therefore is not reported in the Notes to the financial statements.

Other litigation

Other litigation includes: i) appeals against claims by social security authorities, including litigation against INPS for claims arising from the non-payment of contributions by contractors and subcontractors under the customer co-liability principle; ii) compensation for direct and indirect damages arising from the production process; iii) civil actions for injury compensation claims.

Whenever the outcome of such litigation is thought to result in a possible outflow of economic resources, suitable provisions for risks and charges have been recognized.

Criminal prosecutions under Legislative Decree 231/2001

The Group is currently involved in eight criminal prosecutions brought under Legislative Decree no. 231/2001 in the Court of Gorizia, one in the Court of Agrigento and one in the Court of Venice. With respect to these proceedings, there are no significant updates to report with respect to what is disclosed in the Notes to the 2021 Consolidated Financial Statements, with the exception of the following:

- in January 2014, FINCANTIERI S.p.A. received notice of a request for extension of the deadline for the preliminary investigations, under art. 406 of the Code of Criminal Procedure, into the former manager of the Monfalcone shipyard for the alleged infringement of Art. 256, par. 1, letters a) and b) of Legislative Decree No. 152/2006, as well as into the Company, being investigated under art. 25-*undecies* of Legislative Decree No. 231/2001 in relation to its alleged management of areas of sorting, temporary deposit and storage of hazardous waste at the Monfalcone shipyard without the required authorization, and the alleged disposal of such waste with documentation that would not permit it to be traced. As part of these proceedings, in October 2017, the former Managers of the Monfalcone shipyard, the former Managing Directors of the Company, the Company's former head of Safety and former Head of Personnel were notified of the conclusion of the preliminary investigations for the offences referred in art. 256, par. 1(a) and 1(b) of Legislative Decree No. 152/2006 ("Unauthorized waste management activities"); in April 2018, the Company was also notified of the conclusion of the investigations for the offence referred to in art. 25-*undecies* of Legislative Decree No. 231/2001 ("Environmental Offences"). In September 2018 the writ of summons to appear in court was served on all those under investigation. At the hearing of 6 March 2019, the judge ruled that no action should be taken against the former Manager of the Monfalcone shipyard in office until 30 June 2013, the former Managing Directors of the Company, the former Head of Safety and the former Head of Personnel of the Company, or against the Company, for the facts established in May 2013, under the statute of limitations. The proceedings were therefore continued against the Company alone (as to the facts ascertained in February 2015) and at the hearing of 13 July 2022, the judge acquitted Fincantieri, declaring that the administrative offence alleged against it did not exist because the alleged offence did not exist.

Tax position

National tax consolidation

FINCANTIERI S.p.A., Fincantieri Oil & Gas S.p.A. and Isotta Fraschini Motori S.p.A. take part in the national tax consolidation of Cassa Depositi e Prestiti S.p.A..

Audits, assessments and litigation

Marine Interiors Cabins

During the first half of 2022 there were no significant developments relating to the tax disputes in Italy and Norway.

Note 31 - Cash flows from operating activities

These are analyzed as follows:

(euro/thousand)	30.06.2022	30.06.2021
Profit/(loss) for the period	(233,525)	7,217
Depreciation and amortization	111,446	96,362
(Gains)/losses from disposal of property, plant and equipment	(310)	626
(Revaluation)/impairment of property, plant and equipment, intangible assets and equity investments	114,387	13,744
(Revaluation)/impairment of financial assets	8,625	14,651
Increases/(releases) of provisions for risks and charges	55,534	36,577
Interest on employee benefits	678	524
Interest income	(18,768)	(9,613)
Interest expense	46,211	40,742
Income taxes	5,770	16,870
Long-term share-based incentive plan	3,366	3,064
Non-monetary operating income and expenses	(1,433)	
Impact of unrealized exchange rate changes	(9,063)	(6,782)
Income from acquisition		(13,833)
Gross cash flows from operating activities	**82,918**	**200,149**

Note 32 - Segment information

Management has identified the following operating segments which reflect the model used to manage and control the business sectors in which the Group operates: Shipbuilding, Offshore and Specialized vessels, Equipment, Systems and Services and Other activities.
Shipbuilding: encompassing the business areas cruise ships and expedition cruise vessels and naval vessels.
Offshore and Specialized vessels: encompassing the design and construction of high-end offshore support vessels for offshore wind farms and for the oil & gas industry, specialized ships, vessels for open ocean aquaculture, as well as a range of innovative products in the field of drill ships and semi-submersible drilling rigs.
The Equipment, Systems and Services segment includes the following business areas: i) Services, which includes ship repairs and conversions, logistic support, refitting, training and after-sales services, ii) Complete Accommodation, which includes the fitting out of cabins, public areas, catering, wet units and windows, iii) Electronics, Systems and Software, which focuses on advanced technological solutions, from the design and integration of complex systems (system integration) to telecommunications and critical infrastructure, iv) Mechatronics, i.e., integration of mechanical components and power electronics in naval and onshore applications and v) Infrastructure, which includes the design, construction and installation of steel structures for large-scale projects as well as the production and construction of maritime works and the supply of technology and facility management for the health segment, industry and the service sector.
Other activities primarily refer to the cost of corporate activities which have not been allocated to other operating segments.
It should be noted that, starting from the second half of 2021, the activities of Vard Electro and Seaonics have been reallocated from the Shipbuilding and Offshore and Specialized vessels segments to the Equipment, Systems and Services segment, respectively, and the comparative figures at 30 June 2021 have been restated accordingly.
The Group evaluates the performance of its operating segments and the allocation of financial resources on the basis of revenue and EBITDA, in the configuration monitored by the Group, defined as Profit/(loss) for the period adjusted for the following items: (i) Income taxes, (ii) Share of profit/(loss) of investments accounted for using the equity method, (iii) Income/(expense) from investments, (iv) Finance costs, (v) Finance income, (vi) Depreciation, amortization and impairment, (vii) Costs relating to reorganization plans and other non-recurring personnel costs, (viii) Provisions for costs and legal expenses associated with lawsuits brought by employees for asbestos-related damages, (ix) Costs related to the impacts deriving from the spread of COVID-19, (x) Impairment of intangible assets, and xi) Other extraordinary income and expenses.

The results of the operating segments at 30 June 2022 and 30 June 2021 are reported in the following pages.

(euro/thousand)

	30.06.2022				
	Shipbuilding	Offshore and Specialized vessels	Equipment, Systems and Services	Other activities	Group
Segment revenue	2,821,540	376,469	728,756	867	3,927,632
Intersegment elimination	(77,387)	(4,532)	(325,415)	(650)	(407,984)
Revenue *	2,744,153	371,937	403,341	217	3,519,648
EBITDA	168,155	9,422	(66,320)	(20,964)	90,293
EBITDA margin	6.0%	2.5%	-9.1%		2.6%
Depreciation, amortization and impairment					(218,384)
Finance income					77,531
Finance costs					(121,056)
Income/(expense) from investments					204
Share of profit/(loss) of investments accounted for using the equity method					(7,546)
Income taxes					(5,770)
Costs not included in EBITDA					(48,796)
Profit/(loss) for the period					(233,524)

* Revenue: Sum of "Operating revenue" and "Other revenue and income" reported in the consolidated statement of comprehensive income.
It should also be noted that the impact of the write-down of goodwill and development costs, for which the recoverability has been impaired, impacted the item "Depreciation, amortization and impairment" in the amount of euro 84.1 million and euro 22.9 million, respectively. More information can be found in Note 5.

Details of "Costs not included in EBITDA" gross of the tax effect (euro 11,709 thousand) are given in the following table.

(euro/thousand)

	30.06.2022
Provisions for costs and legal expenses associated with asbestos-related lawsuits [1]	28,784
Costs relating to the impacts deriving from the spread of COVID-19	-
Other extraordinary income and expenses [2]	20,012
Costs not included in EBITDA	**48,796**

[1] Of which euro 2.5 million included in "Materials, services and other costs" and euro 26.3 million in "Provisions".
[2] Amount included in "Materials, services and other costs".

(euro/thousand)

	30.06.2021				
	Shipbuilding	Offshore and Specialized vessels	Equipment, Systems and Services	Other activities	Group
Segment revenue	2,915,923	219,829	480,818	1,081	3,617,651
Intersegment elimination	(172,107)	(4,488)	(189,207)	(859)	(366,661)
Revenue *	2,743,816	215,341	291,611	222	3,250,990
EBITDA	205,961	4,137	31,925	(22,739)	219,284
EBITDA margin	7.1%	1.9%	6.6%		6.7%
Depreciation, amortization and impairment					(96,375)
Finance income					41,474
Finance costs					(86,941)
Income/(expense) from investments					14,430
Share of profit/(loss) of investments accounted for using the equity method					(14,364)
Income taxes					(16,870)
Costs not included in EBITDA					(53,421)
Profit/(loss) for the period					**7,217**

* Revenue: Sum of "Operating revenue" and "Other revenue and income" reported in the consolidated statement of comprehensive income.

Details of "Costs not included in EBITDA" gross of the tax effect (euro 11,664 thousand) are given in the following table.

(euro/thousand)

	30.06.2021
Provisions for costs and legal expenses associated with asbestos-related lawsuits [1]	28,807
Costs relating to the impacts deriving from the spread of COVID-19 [2]	21,941
Other extraordinary income and expenses [3]	317
Costs not included in EBITDA	**53,421**

[1] Of which euro 2.0 million included in "Materials, services and other costs" and euro 26.8 million in "Provisions".
[2] Of which euro 18.9 million included in "Materials, services and other costs" and euro 3.0 million in "Personnel costs".
[3] Amount included in "Materials, services and other costs".

The following table shows a breakdown of Property, plant and equipment in Italy and other countries:

(euro/million)

	30.06.2022	31.12.2021
Italy	993	976
Other countries	586	542
Total Property, plant and equipment	**1,579**	**1,518**

CAPITAL EXPENDITURE

(euro/million)

	30.06.2022	31.12.2021
Shipbuilding	77	298
Offshore and Specialized vessels	1	6
Equipment, Systems and Services	19	30
Other activities	11	24
Total	**108**	**358**

Capital expenditure in the first half of 2022 on Intangible assets and Property, plant and equipment amounted to euro 108 million, of which euro 70 million relating to Italy and the remainder to other countries.

The following table shows a breakdown of revenue and income between Italy and other countries, according to client country of residence:

(euro/million)

	30.06.2022		30.06.2021	
	Revenue and income	%	Revenue and income	%
Italy	414	12%	370	11%
Other countries	3,106	88%	2,881	89%
Total Revenue and income	**3,520**		**3,251**	

The following table shows those clients whose revenue (defined as revenue plus change in inventories) accounted for more than 10% of the Group's revenue and income in each reporting period:

(euro/million)

	30.06.2022		30.06.2021	
	Revenue and income	%	Revenue and income	%
Client 1	626	18%	382	12%
Client 2	-		339	10%
Total Revenue and income	**3,520**		**3,251**	

Note 33 - Events after 30 June 2022

On 6 July 2022, Fincantieri and Explora Journeys, the luxury travel brand of the MSC Group's Cruise Division, announced the signing of a memorandum of agreement for the construction of two additional hydrogen-powered luxury cruise ships, increasing the total number of vessels in the fleet from four to six.
On 7 July 2022, in the presence of the Deputy Prime Minister and Minister of Defence of Qatar H.E. Khalid bin Mohamed Al Attiyah and the Italian Minister of Defence Lorenzo Guerini, the delivery of the Offshore Patrol Vessel (OPV) "Sheraouh", the second unit of the class commissioned to Fincantieri by the Qatari Ministry of Defence, took place at the Muggiano (La Spezia) shipyard. The ship acquisition program has a total value of almost euro 4 billion and includes, in addition to the 2 OPVs, 4 corvettes and 1 LPD (Landing Platform Dock).
On 11 July 2022 Fincantieri announced the signature, with an International customer, of a contract for the construction of a new ultra-luxury cruise ship and 2 options.

Companies included in the scope of consolidation

Principal activity	Registered office	Countries in which they operate		Share Capital	% interest held		% consolidated by Group
Subsidiaries consolidated line-by-line							
BACINI DI PALERMO S.p.A. Dry-dock management	Palermo	Italy	EUR	1,032,000	100	FINCANTIERI S.p.A.	100
GESTIONE BACINI LA SPEZIA S.p.A. Dry-dock management	La Spezia	Italy	EUR	260,000	99.89	FINCANTIERI S.p.A.	99.98
ISOTTA FRASCHINI MOTORI S.p.A. Design, construction, sale of engines	Bari	Italy	EUR	3,330,000	100	FINCANTIERI S.p.A.	100
FINCANTIERI HOLDING B.V. Holding company for foreign investments	Netherlands	Netherlands	EUR	9,529,384.54	100	FINCANTIERI S.p.A.	100
FINCANTIERI INDIA Pte. Ltd. Design, technical support and marketing	India	India	INR	10,500,000	99 1	Fincantieri Holding B.V. FINCANTIERI S.p.A.	100
SOCIETÀ PER L'ESERCIZIO DI ATTIVITÀ FINANZIARIE SEAF S.p.A. Financial support for Group companies	Trieste	Italy	EUR	6,562,000	100	FINCANTIERI S.p.A.	100
FINCANTIERI SI S.p.A. Electric, electronic and electromechanical industrial solutions	Trieste	Italy France	EUR	500,000	100	S.E.A.F. S.p.A.	100
FINCANTIERI SI IMPIANTI S.c.a.r.l. Electric, electronic and electromechanical industrial solutions	Milan	Italy	EUR	20,000	60	Fincantieri SI S.p.A.	60
BOP6 S.c.a.r.l. Electrical installation	Trieste	Italy France	EUR	40,000	5 95	FINCANTIERI S.p.A. Fincantieri SI S.p.A.	100
FINCANTIERI SWEDEN AB Sale, maintenance and after sales service	Sweden	Sweden	SEK	5,000,000	100	FINCANTIERI S.p.A.	100
FINCANTIERI AUSTRALIA Pty Ltd. Trade activities	Australia	Australia	AUD	2,400,100	100	FINCANTIERI S.p.A.	100
FINCANTIERI Services Middle East LLC Project management services	Qatar	Qatar	EUR	200,000	100	FINCANTIERI S.p.A.	100
FINCANTIERI (SHANGHAI) TRADING Co. Ltd Engineering design, consulting and development	China	China	CNY	35,250,000	100	FINCANTIERI S.p.A.	100
FINCANTIERI DRAGAGGI ECOLOGICI S.p.A. Eco-dredging, construction and maintenance of river, lake and maritime works	Rome	Italy	EUR	500,000	55	FINCANTIERI S.p.A.	55
Fincantieri Services Doha LLC Maintenance of waterborne transport vessels	Qatar	Qatar	QAR	2,400,000	100	FINCANTIERI S.p.A.	100
Team Turbo Machines SAS Repair, maintenance and installation of gas turbines	France	France	EUR	250,000	85	FINCANTIERI S.p.A.	100
MARINE INTERIORS S.p.A. Ship interiors	Trieste	Italy Romania Norway	EUR	1,000,000	100	FINCANTIERI S.p.A.	100
MARINE INTERIORS CABINS S.p.A. Ship interiors	Trieste	Italy Romania Norway	EUR	5,120,000	100	Marine Interiors S.p.A.	100
MI S.p.A. Ship interiors	Trieste	Italy	EUR	50,000	100	Marine Interiors S.p.A.	100
MARINE PROJECT SOLUTIONS S.c.a.r.l. Ship interiors	Trieste	Italy France Norway	EUR	366,500	100	MI S.p.A.	100
SEAENERGY A MARINE INTERIORS COMPANY S.r.l. Manufacture of furniture	Pordenone	Italy Romania Norway	EUR	50,000	85	Marine Interiors S.p.A.	85
FINCANTIERI INFRASTRUCTURE S.p.A. Production, marketing of metal carpentry	Trieste	Italy Romania	EUR	500,000	100	FINCANTIERI S.p.A.	100
FINCANTIERI INFRASTRUCTURE USA Inc. Holding company	USA	USA	USD	100	100	Fincantieri Infrastructure S.p.A.	100
FINCANTIERI INFRASTRUCTURE FLORIDA, Inc. Legal activities	USA	USA	USD	100	100	Fincantieri Infrastructure USA Inc.	100
FINCANTIERI INFRASTRUCTURE OPERE MARITTIME S.p.A. Civil, maritime, hydraulic infrastructure design	Trieste	Italy	EUR	100,000	100	Fincantieri Infrastructure S.p.A.	100
FINCANTIERI INFRASTRUTTURE SOCIALI S.p.A. Development of construction projects and supply of technologies in the healthcare sector	Firenze	Italy Chile France Serbia S. Marteen Greece Qatar	EUR	20,000,000	90	Fincantieri Infrastructure S.p.A.	90
SOF S.p.A. Installation, transformation, maintenance and management of systems	Firenze	Italy	EUR	5,000,000	100	Fincantieri INfrastrutture SOciali S.p.A.	90
ERGON PROJECTS Ltd. Construction	Malta	Malta	EUR	896,000	99 1	Fincantieri INfrastrutture SOciali S.p.A. SOF S.p.A.	89.10 0.01
INSO ALBANIA S.h.p.k. Design and construction of healthcare buildings and infrastructure	Albania	Albania	LEK	4,000,000	100	Fincantieri INfrastrutture SOciali S.p.A.	90
CONSTRUCTORA FINSO CHILE S.p.A. Administrative activities for the realisation of infrastructure	Chile	Chile	CLP	10,000,000	100	Fincantieri INfrastrutture SOciali S.p.A.	90
EMPOLI SALUTE GESTIONE S.c.a.r.l. Non-medical support services, management of retail space	Florence	Italy	EUR	50,000	95 4.50	Fincantieri INfrastrutture SOciali S.p.A. SOF S.p.A.	85.50 4.05
FINCANTIERI NEXTECH S.p.A. Automation systems	Milan	Italy Switzerland	EUR	12,000,000	100	FINCANTIERI S.p.A.	100
E-PHORS S.p.A. Design, production of products or services in the field of IT security	Milan	Italy	EUR	500,000	100	Fincantieri NexTech S.p.A.	100
REICOM S.r.l. Design and engineering	Milan	Italy	EUR	600,000	100	Fincantieri NexTech S.p.A.	100
C.S.I. Consorzio Stabile Impianti S.r.l. System installation	Milan	Italy	EUR	40,000	75.65	Fincantieri NexTech S.p.A.	75.65
HMS IT S.p.A. Design and engineering	Rome	Italy	EUR	1,500,000	60	Fincantieri NexTech S.p.A.	60
ESSETI SISTEMI E TECNOLOGIE S.r.l. ICT consulting and services	Milan	Italy	EUR	100,000	51	Fincantieri NexTech S.p.A.	51
MARINA BAY S.A. Dormant	Luxembourg	Luxembourg	EUR	31,000	100	Fincantieri NexTech S.p.A.	100
S.L.S. – SUPPORT LOGISTIC SERVICES S.r.l. Design and construction of electronic and telecommunication systems	Guidonia Montecelio (RM)	Italy	EUR	131,519	60	Fincantieri NexTech S.p.A.	60
ISSEL NORD S.r.l. Logistics engineering	Follo (SP)	Italy	EUR	400,000	100	Fincantieri NexTech S.p.A.	100

Principal activity	Registered office	Countries in which they operate		Share Capital	% interest held		% consolidated by Group
CENTRO PER GLI STUDI DI TECNICA NAVALE - CETENA S.p.A. Ship research and experimentation	Genoa	Italy	EUR	1,000,000	86.10	Fincantieri NexTech S.p.A.	86.10
IDS INGEGNERIA DEI SISTEMI S.p.A. Design, production and maintenance of systems for civil and military applications	Pisa	Italy	EUR	13,171,240	90	Fincantieri NexTech S.p.A.	90
IDS INGEGNERIA DEI SISTEMI (UK) LTD. Installation, repair and maintenance of gas turbines	United Kingdom	United Kingdom	GBP	180,000	100	IDS Ingegneria Dei Sistemi S.p.A.	90
IDS AUSTRALASIA PTY Ltd. Installation, repair, maintenance and gas turbine installation	Australia	Australia	AUD	100,000	100	IDS Ingegneria Dei Sistemi S.p.A.	90
IDS NORTH AMERICA Ltd. Installation, repair, maintenance and gas turbine installation	Canada	Canada	CAD	5,305,000	100	IDS Ingegneria Dei Sistemi S.p.A.	90
IDS KOREA CO. Ltd. Installation, repair, maintenance and gas turbine installation	Asia	Asia	KRW	434,022,000	100	IDS Ingegneria Dei Sistemi S.p.A.	90
IDS TECHNOLOGIES US Inc. Installation, repair, maintenance and gas turbine installation	USA	USA	USD	-	100	IDS Ingegneria Dei Sistemi S.p.A.	90
ROB.INT S.r.l. Design, repair, purchase and sale of equipment for air, naval and land vehicles	Pisa	Italy	EUR	100,000	100	IDS Ingegneria Dei Sistemi S.p.A.	90
TRS SISTEMI S.r.l. Manufacture of computers and peripheral equipment	Rome	Italy	EUR	90,000	100	IDS Ingegneria Dei Sistemi S.p.A.	90
SKYTECH ITALIA S.r.l. Information technology consultancy	Rome	Italy	EUR	90,000	100	IDS Ingegneria Dei Sistemi S.p.A.	90
FLYTOP S.r.l. in liquidation Design and manufacture of aircraft systems	Rome	Italy	EUR	50,000	100	IDS Ingegneria Dei Sistemi S.p.A.	90
FINCANTIERI USA HOLDING Inc. Holding company	USA	USA	USD	-	100	FINCANTIERI S.p.A.	100
FINCANTIERI USA Inc. Holding company	USA	USA	USD	1,029.75	65	FINCANTIERI S.p.A.	100
FINCANTIERI SERVICES USA LLC After-sales services	USA	USA	USD	300,001	100	Fincantieri USA Inc.	100
FINCANTIERI MARINE GROUP HOLDINGS Inc. Holding company	USA	USA	USD	1,027.97	87.44	Fincantieri USA Inc.	87.44
FINCANTIERI MARINE GROUP LLC Shipbuilding and ship repairs	USA	USA	USD	1,000	100	Fincantieri Marine Group Holdings Inc.	87.44
MARINETTE MARINE CORPORATION Shipbuilding and ship repairs	USA	USA	USD	146,706	100	Fincantieri Marine Group LLC	87.44
ACE MARINE LLC Building of small aluminium ships	USA	USA	USD	1,000	100	Fincantieri Marine Group LLC	87.44
FINCANTIERI MARINE SYSTEMS NORTH AMERICA Inc. Sale and after-sale services relating to mechanical products	USA	USA Bahrain	USD	501,000	100	Fincantieri USA Inc.	100

Principal activity	Registered office	Countries in which they operate		Share Capital	% interest held		% consolidated by Group
FINCANTIERI MARINE REPAIR LLC Sale and after-sale services relating to mechanical products	USA	USA	USD	-	100	Fincantieri Marine Systems North America Inc.	100
FINCANTIERI MARINE SYSTEMS LLC Sale and after-sale services relating to mechanical products	USA	USA	USD	-	100	Fincantieri Marine Systems North America Inc.	100
FMSNA YK Marine diesel engine maintenance service	Japan	Japan	JPY	3,000,000	100	Fincantieri Marine Systems North America Inc.	100
FINCANTIERI OIL & GAS S.p.A. Holding company	Trieste	Italy	EUR	21,000,000	100	FINCANTIERI S.p.A.	100
ARSENAL S.r.l. IT consulting	Trieste	Italy	EUR	10,000	100	Fincantieri Oil & Gas S.p.A.	100
VARD HOLDINGS Ltd. Holding company	Singapore	Singapore	SGD	932,200,000	98.35	Fincantieri Oil & Gas S.p.A.	98.35
VARD SHIPHOLDING SINGAPORE Pte. Ltd. Charter of boats, ships and barges	Singapore	Singapore	USD	1	100	Vard Holdings Ltd.	98.35
VARD GROUP AS Shipbuilding	Norway	Norway	NOK	26,795,600	100	Vard Holdings Ltd.	98.35
SEAONICS AS Offshore handling systems	Norway	Norway	NOK	46,639,721	100	Vard Group AS	98.35
SEAONICS POLSKA SP. Z O.O. Engineering services	Poland	Poland	PLN	400,000	100	Seaonics AS	98.35
CDP TECHNOLOGIES AS Technological research and development	Norway	Norway	NOK	500,000	100	Seaonics AS	98.35
CDP TECHNOLOGIES ESTONIA OÜ Automation and control systems	Estonia	Estonia	EUR	5,200	100	CDP Technologies AS	98.35
VARD AQUA SUNNDAL AS Supplier of aquaculture equipment	Norway	Norway	NOK	1,100,000	100	Vard Group AS	98.35
VARD AQUA CHILE SA Supplier of aquaculture equipment	Chile	Chile	CLP	106,000,000	95	Vard Aqua Sunndal AS	93.43
VARD AQUA SCOTLAND Ltd. Technological solutions for aquaculture	UK	UK	GBP	10,000	100	Vard Aqua Sunndal AS	98.35
VARD ELECTRO AS Electrical/automation installation	Norway	Norway UK	NOK	1,000,000	100	Vard Group AS	98.35
VARD ELECTRO ITALY S.r.l. Production, sale and assistance for electrical equipment	Trieste	Italy	EUR	200,000	100	Vard Electro AS	98.35
VARD ELECTRO ROMANIA S.r.l. (formerly VARD ELECTRO TULCEA S.r.l.) Electrical installation	Romania	Romania	RON	6,333,834	100	Vard Electro AS	98.35
VARD ELECTRICAL INSTALLATION AND ENGINEERING (INDIA) Pvt. Ltd. Electrical installation	India	India	INR	14,000,000	99.5 0.5	Vard Electro AS Vard Electro Romania S.r.l.	98.35
VARD ELECTRO BRAZIL (INSTALAÇÕES ELETRICAS) Ltda. Electrical installation	Brazil	Brazil	BRL	3,000,000	99 1	Vard Electro AS Vard Group AS	98.35
VARD PROMAR SA Shipbuilding	Brazil	Brazil	BRL	1,109,108,180	99.999 0.001	Vard Group AS Vard Electro Brazil Ltda.	98.35
VARD NITEROI RJ S.A. Dormant	Brazil	Brazil	BRL	354,883,790	99.99 0.01	Vard Group AS Vard Electro Brazil Ltda.	98.35
VARD INFRAESTRUTURA Ltda. Dormant	Brazil	Brazil	BRL	10,000	99.99 0.01	Vard Promar SA Vard Group AS	98.35
ESTALEIRO QUISSAMÃ Ltda. Dormant	Brazil	Brazil	BRL	400,000	50.50 49.50	Vard Group AS Vard Promar SA	98.35

Principal activity	Registered office	Countries in which they operate	Share Capital		% interest held		% consolidated by Group
VARD ELECTRO CANADA Inc. Installation and integration of electrical systems	Canada	Canada	CAD	100,000	100	Vard Electro AS	98.35
VARD ELECTRO US Inc. Installation and integration of electrical systems	USA	USA	USD	10	100	Vard Electro Canada Inc.	98.35
VARD RO HOLDING S.r.l. Holding company	Romania	Romania	RON	82,573,830	100	Vard Group AS	98.35
VARD TULCEA SA Shipbuilding	Romania	Romania	RON	151,606,459	99.996	Vard RO Holding S.r.l.	98.35
VARD BRAILA SA Shipbuilding	Romania	Romania Italy	RON	165,862,177.50	94.12 5.88	Vard RO Holding S.r.l. Vard Group AS	98.35
VARD INTERNATIONAL SERVICES S.r.l. Dormant	Romania	Romania	RON	100,000	100	Vard Braila S.A.	98.35
VARD ENGINEERING CONSTANTA S.r.l. Engineering	Romania	Romania	RON	1,408,000	70 30	Vard RO Holding S.r.l. Vard Braila S.A.	98.35
VARD SINGAPORE Pte. Ltd. Sales and holding company	Singapore	Singapore	USD	6,000,000	100	Vard Group AS	98.35
VARD VUNG TAU Ltd. Shipbuilding	Vietnam	Vietnam	USD	9,240,000	100	Vard Singapore Pte. Ltd.	98.35
VARD ACCOMMODATION AS Ship accommodation installation	Norway	Norway	NOK	500,000	100	Vard Group AS	98.35
VARD ACCOMMODATION TULCEA S.r.l. Ship accommodation installation	Romania	Romania Italy	RON	436,000	99.77 0.23	Vard Accomodation AS Vard Electro Romania S.r.l.	98.35
VARD PIPING AS Pipe installation	Norway	Norway	NOK	100,000	100	Vard Group AS	98.35
VARD DESIGN AS Design and engineering	Norway	Norway	NOK	4,000,000	100	Vard Group AS	98.35
VARD DESIGN LIBURNA Ltd. Design and engineering	Croatia	Croatia	HRK	20,000	51	Vard Design AS	50.16
VARD ENGINEERING BREVIK AS Design and engineering	Norway	Norway	NOK	105,000	100	Vard Group AS	98.35
VARD ENGINEERING GDANSK Sp. Z.o.o. Offshore design and engineering activities	Poland	Poland	PLN	50,000	100	Vard Engineering Brevik AS	98.35
VARD MARINE INC. Design and engineering	Canada	Canada	CAD	9,783,700	100	Vard Group AS	98.35
VARD MARINE US INC. Design and engineering	USA	USA	USD	1,010,000	100	Vard Marine Inc.	98.35

Principal activity	Registered office	Countries in which they operate	Share Capital		% interest held		% consolidated by Group
Joint ventures consolidated using the equity method							
ORIZZONTE SISTEMI NAVALI S.p.A. Management of large naval vessel contracts	Genoa	Italy Algeria	EUR	20,000,000	51	FINCANTIERI S.p.A.	51
ETIHAD SHIP BUILDING LLC Design, production and sale of civilian and naval ships	Arab Emirates	Arab Emirates	AED	2,500,000	35	FINCANTIERI S.p.A.	35
NAVIRIS S.p.A. Design, manufacture, maintenance and conversion of ships for naval or government use	Genoa	Italy	EUR	5,000,000	50	FINCANTIERI S.p.A.	50
NAVIRIS FRANCE SAS Shipbuilding	France	France	EUR	100,000	100	Naviris S.p.A.	50
CSSC - FINCANTIERI CRUISE INDUSTRY DEVELOPMENT LIMITED Design and marketing of cruise ships	Hong Kong	Hong Kong	EUR	140,000,000	40	FINCANTIERI S.p.A.	40
CSSC - FINCANTIERI (SHANGAI) CRUISE DESIGN LIMITED Engineering, Project Management and Supply Chain Management	Hong Kong	Hong Kong	RMB	1,000,000	100	CSSC - Fincantieri Cruise Industry Development Limited	40
CONSORZIO F.S.B. Construction	Marghera (VE)	Italy	EUR	15,000	58.36	FINCANTIERI S.p.A.	58.36
BUSBAR4F S.c.a.r.l. Complete execution of contract Iter BUSBARF4	Trieste	Italy France	EUR	40,000	10 50	FINCANTIERI S.p.A. Fincantieri SI S.p.A.	60
4TCC1 – SOCIETÀ CONSORTILE a r.l. Complete execution of the Tokamak Complex Contract process	Trieste	Italy France	EUR	100,000	5 75	FINCANTIERI S.p.A. Fincantieri SI S.p.A.	80
4B3 S.c.a.r.l. Dormant	Trieste	Italy France	EUR	50,000	2.50 52.50	FINCANTIERI S.p.A. Fincantieri SI S.p.A.	55
4TB13 – SOCIETÀ CONSORTILE a r.l. Dormant	Trieste	Italy France	EUR	50,000	55	Fincantieri SI S.p.A.	55
FINMESA S.c.a.r.l. Design and realization of electric systems from photovoltaic renewable sources	Milan	Italy	EUR	20,000	50	Fincantieri SI S.p.A.	50
POWER4FUTURE S.p.A. Design, production and installation of electricity storage products	Calderara di Reno (BO)	Italy	EUR	3,200,000	52	Fincantieri SI S.p.A.	52
ERSMA 2026 S.r.l. Demolition and dismantling of buildings and other structures	Rome	Italy	EUR	10,000	20	Fincantieri SI S.p.A.	20
FINCANTIERI CLEA BUILDINGS S.c.a.r.l. Contract management and execution	Verona	Italy	EUR	10,000	51	Fincantieri Infrastructure S.p.A.	51
PERGENOVA S.c.p.a. Construction of bridge in Genoa	Genoa	Italy	EUR	1,000,000	50	Fincantieri Infrastructure S.p.A.	50
DARSENA EUROPA S.c.a.r.l. Dormant	Rome	Italy	EUR	10,000	26	Fincantieri Infrastructure Opere Marittime S.p.A.	26
NUOVO SANTA CHIARA HOSPITAL S.c.a r.l. Construction of hospital buildings	Florence	Italy	EUR	300,000	50	Fincantieri INfrastrutture SOciali S.p.A.	45
VIMERCATE SALUTE GESTIONI S.c.a.r.l. Other business support service activities n.e.c.	Milan	Italy	EUR	10,000	3.65 49.10	SOF S.p.A. Fincantieri INfrastrutture SOciali S.p.A.	47.48
ISSEL MIDDLE EAST INFORMATION TECHNOLOGY CONSULTANCY LLC IT consultancy and Oil & Gas services	Arab Emirates	Arab Emirates	AED	150,000	49	Issel Nord S.r.l.	49

Principal activity	Registered office	Countries in which they operate		Share Capital	% interest held		% consolidated by Group
Associates consolidated using the equity method							
CENTRO SERVIZI NAVALI S.p.A. Steelworking	San Giorgio di Nogaro (UD)	Italy	EUR	5,620,618	10.93	FINCANTIERI S.p.A.	10.93
GRUPPO PSC S.p.A. Construction and systems	Maratea (PZ)	Italy Qatar Romania Colombia Spain	EUR	1,431,112	10	FINCANTIERI S.p.A.	10
DECOMAR S.p.A. Eco-dredging	Massa	Italy	EUR	2,500,000	20	FINCANTIERI S.p.A.	20
DIDO S.r.l. Support for the design and development of advanced computer applications	Milan	Italy	EUR	142,800.57	30	FINCANTIERI S.p.A.	30
PRELIOS SOLUTIONS & TECHNOLOGIES S.r.l. Engineering	Milan	Italy	EUR	50,000	49	Fincantieri NexTech S.p.A.	49
LEONARDO SISTEMI INTEGRATI S.r.l. Engineering	Genoa	Italy	EUR	65,000	14.58	Fincantieri NexTech S.p.A.	14.58
STARS RAILWAY SYSTEMS Production of radar products for railway safety	Rome	Italy	EUR	300,000	48 2	IDS Ingegneria Dei Sistemi S.p.A. TRS Sistemi S.r.l.	45
ITS INTEGRATED TECH SYSTEM S.r.l. Dormant	La Spezia	Italy	EUR	10,000	51	Rob.Int S.r.l.	45.90
MC4COM - MISSION CRITICAL FOR COMMUNICATIONS SOCIETA' CONSORTILE S.r.l. Engineering	Milan	Italy	EUR	10,000	50	HMS IT S.p.A.	30
UNIFER NAVALE S.r.l. in liquidation Production of pipes for the shipping and petrochemical sectors	Finale Emilia (MO)	Italy	EUR	150,000	20	S.E.A.F. S.p.A.	20
2F PER VADO S.c.a.r.l. Execution of works for the construction of the New Vado Ligure Breakwater	Genoa	Italy	EUR	10,000	49	Fincantieri Infrastructure S.p.A.	49
CITTÀ SALUTE RICERCA MILANO S.p.A. Construction activities and other civil engineering works n.e.c.	Milan	Italy	EUR	5,000,000	30	Fincantieri INfrastrutture SOciali S.p.A.	27
CISAR COSTRUZIONI S.c.a.r.l. Execution of works for the construction of the City of Health and research	Milan	Italy	EUR	100,000	30	Fincantieri INfrastrutture SOciali S.p.A.	27
NOTE GESTIONE S.c.a.r.l. Installation of plumbing, heating and air conditioning systems	Reggio Emilia	Italy	EUR	20,000	34	SOF S.p.A.	30.60
NORD OVEST TOSCANA ENERGIA S.r.l. Other business support service activities n.e.c.	Vicopisano (PI)	Italy	EUR	2,300,000	34	SOF S.p.A.	30.60
S.Ene.Ca Gestioni S.c.a.r.l. Other business support service activities n.e.c.	Florence	Italy	EUR	10,000	49	SOF S.p.A.	44.10
HOSPITAL BUILDING TECHNOLOGIES S.c.a.r.l. Sale and purchase of real estate on own properties	Florence	Italy	EUR	10,000	20	SOF S.p.A.	18
BIOTECA soc. cons. a r.l. Performance of contracts for the supply and installation of furniture and furnishings	Carpi (MO)	Italy	EUR	100,000	33.33	SOF S.p.A.	30
ENERGETIKA S.c.a.r.l. Dormant	Florence	Italy	EUR	10,000	40	SOF S.p.A.	36
BREVIK TECHNOLOGY AS Technology licences and patents	Norway	Norway	NOK	1,050,000	34	Vard Group AS	33.44

Principal activity	Registered office	Countries in which they operate		Share Capital	% interest held		% consolidated by Group
SOLSTAD SUPPLY AS (formerly REM SUPPLY AS) Shipowner	Norway	Norway	NOK	345,003,000	26.66	Vard Group AS	26.22
OLYMPIC GREEN ENERGY KS Shipowner	Norway	Norway	NOK	4,841,028	29.50	Vard Group AS	29.01
ISLAND OFFSHORE XII SHIP AS Shipowner	Norway	Norway	NOK	404,097,000	46.90	Vard Group AS	46.13
ISLAND DEFENDER AS Purchases, owns, manages and sells ships	Norway	Norway	NOK	90,000	100	Island Offshore XII AS	46.90
ISLAND DILIGENCE AS Shipowner	Norway	Norway	NOK	17,012,500	39.38	Vard Group AS	38.73
ISLAND DISCOVERER AS Dormant	Norway	Norway	NOK	400,000	46.90	Vard Group AS	46.13
CASTOR DRILLING SOLUTION AS Offshore drilling technology	Norway	Norway	NOK	229,710	34.13	Seaonics AS	33.57
NORWIND SHIPHOLDING AS Management of shipping activities	Norway	Norway	NOK	369,588	15.54	VARD SHIPHOLDING SINGAPORE Pte. Ltd.	15.28
CSS DESIGN LIMITED Design and engineering	British Virgin Islands	UK	GBP	100	31	Vard Marine Inc.	30.49

Management representation on the Consolidated Financial Statements

Management Representation on the Condensed Consolidated Interim Financial Statements pursuant to art. 81-*ter* of CONSOB regulation 11971 dated 14 may 1999 and subsequent amendments and additions

1. The undersigned Pierroberto Folgiero, in his capacity as Chief Executive Officer, and Felice Bonavolontà, as Manager Responsible for Preparing Financial Reports of FINCANTIERI S.p.A. ("Fincantieri"), with reference to the requirements of art. 154-*bis*, paragraphs 3 and 4, of Legislative Decree 58 dated 24 February 1998, hereby represent:

   - the suitability in relation to the business's organization and,
   - the effective application

   of the administrative and accounting processes for the preparation of the Condensed Consolidated Interim Financial Statements at 30 June 2022, during the first half of 2022.

2. The adequacy of the administrative and accounting processes for preparing the Condensed Consolidated Interim Financial Statements at 30 June 2022 has been evaluated on the basis of a procedure established by Fincantieri in compliance with the Internal Control - Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission, which is the generally accepted standard model internationally.

3. The undersigned also represent that:

   3.1 the Condensed Consolidated Interim Financial Statements at 30 June 2022:

   a) have been prepared in accordance with the International Financial Reporting Standards endorsed by the European Union under Regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002;
   b) correspond to the underlying accounting records and books of account;
   c) are able to give a true and fair view of the assets, liabilities, financial position and results of operations of the issuer and the group of companies included in the consolidation.

   3.2 The Report on operations performance includes a fair review of the important events taking place in the first six months of the year and their impact on the Condensed Consolidated Interim Financial Statements, together with a description of the principal risks and uncertainties to which they are exposed. The Report on operations also includes a reliable analysis of the information on significant related party transactions.

26 July 2022

CHIEF EXECUTIVE OFFICER

Pierroberto Folgiero

MANAGER RESPONSIBLE
FOR PREPARING
FINANCIAL REPORTS

Felice Bonavolontà

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REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Fincantieri S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Fincantieri S.p.A. and subsidiaries (the "Fincantieri Group"), which comprise the consolidated statement of financial position as of June 30, 2022, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed [consolidated] financial statements of the Fincantieri Group as at June 30, 2022 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Barbara Moscardi
Partner

Udine, Italy
July 29, 2022

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

FINCANTIERI

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FINCANTIERI